Tuesday September 17 1991

#### **Oliver North** Five resign case fails as prosecutor backs down misconduct

A US federal judge dismissed the case against sacked White House aide Oliver North after the Iran-Contra prosecutor said he would give up trying to reinstate convictions of obstructing Congress, destroying documents and accepting an illegal gratuity. An exultant North said: "I have been exon-erated completely." Gates

admits errors. Page 6 Protesters pelt Baker A volley of tomatoes was launched at US secretary of state James Baker's car hy angry protesters as he arrived in Jerusalem. He held more than three hours of talks with Israeli premier Yitzhak Sha-

Hizboliah backtracks Sheikh Abbas Musawi, leader of the pro-Iranian Hizboliah movement, backtracked on a series of predictions that a western hostage was about to be freed in Beirut. Page 4

Noriega trial opens The drug trafficking trial of ousted Panamanian dictator Manuel Antonio Noriega began in Miami with the prosecution saying it would prove that the former general had enriched himself through his illicit relationship with Colombia's cocaine cartel. Page 6

Bernard O'Hagan, a councillnr representing Sinn Fein, the IRA's political wing, was shot dead as he arrived for work Northern Ireland. A loyalist paramilitary group said it was

Pledge on Hong Kong Britain will work for a progressive extension of democracy in Hong Kong following the sweeping victory by democrats in the colony's first direct elec-tions, British foreign secretary Douglas Hurd said. Page 22

Soweto cali ignored Residents of Soweto, South Africa's largest black townthe African National Congress to stay away from work in protest against continuing politi-

Manila votes to evict US Philippines senators rejected a new military bases pact with Washington, but the US hopes to stay on if President Corazon Aquino manages to reverse the verdict in a national referendum. Page 22

Canada scandal defused A potential scandal for Canada's Conservative government was defused when the Ontario attorney-general dropped privately brought charges of fraud and obstruction of justice against 15 high-level govern-ment and police officials. Only one official now continues to

Car bomb kills three A car bomb killed two police nd the driver of a tow truck in the south-eastern Spanish been placed outside a civil guard barracks. Basque colapse, page 3

Master apy's request Rast Germany'a former master spy, Markus Wolf, asked for litical asylum in Austria a request that embarrasses both the Bonn and Vienna gov-

Six die in helicopte All six crew were killed on Saturday when a US Navy helicopter crashed in the Gulf during a routine training mission.

Ground controllers at Cape Canaveral began activating instruments on a \$633m environmental research satellite after resolving a communications problem and adjusting the orbit to avoid collision with space debris.

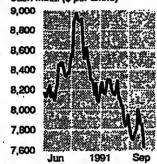
# as Dresdner **Bank alleges**

Five employees have quit the Eurobond new issue depart-ment of Germany's Dresdner Bank following management allegations that they hreached rules on bond and equity trans-

The resignations coincided with the announcement that an investigation by Frankfurt Stock Exchange's insider deal ing commission had failed to find any rule violations at Deutsche Bank, Germany's biggest bank.

NICKEL fell below \$7,700 a tenne on the London Metal Exchange to close at 18-month lows. Demand prospects are

Cash metal (\$ per tonne)



poor and could fall towards \$7,500, barring further produc-tion cuts. Cash metal closed in London at \$7,620.5. Commod ities, Page 34

PEPSICO, US drinks, snacks and restaurants group, is axing 1,300 jobs at its Frito-Lay snacks business. Page 30

CAMPRAU Corporation, ailing Canadian property developer, finally reached agreement on restructuring with its biggest shareholder and creditor, the Reichmann family's Olympia & York. Page 30

KOOR INDUSTRIES, Israel's biggest Industrial group, made first-half net loss of Shk112m (\$48.5m) compared with a Shk84m loss in the same period last year. Koor owes over \$1.2bn to foreign and Israeli

AMSTRAD and GEC Marconi. UK electronics companies, are developing a mass-market video telephone which could sell for under £500. Page 24

FERMENTA: Shares in the Swedish biotechnology com-pany its finance arm, Indepenent, were suspended in Stock holm, increasing expections that a long-term loan package for Independent is imminent.

ANGLO AMERICAN and Gencor, South Africa's biggest mining houses, are buying Middelburg Steel and Alloys for R1.07bn (\$378m) from Bar-low Rand, the country's industrial flagship. Page 23

BRITISH Airways announced a top management switch following the resignation of the airline's director of marketing and operations. Liam Strong is moving to become head of a big, yet-to-be-named UK retail business. Page 24

FRENCH small businesses are to enjoy new tax breaks. Prime minister Edith Cresson announced e plan involving higher capital gains tax to fund tax cuts and investment incentives. Page 3

BRAZIL: eight of the country's nine stock exchanges have linked to form a national electronic trading system with a single index. Sao Paulo, the higgest bourse, will remain independent. Page 33

NIKE, US sportswear maker, surprised Wall Street with first-quarter earnings 14 per cent stronger at a record

\$114.4m Page 30 DALGETY, recently restructured UK food company, saw annual profits fall from £118.1m to £110.9m because

# UN teams in Iraq may get armed escorts

THE US has drawn up plans to send armed multinetional escorts into Iraq to provide military muscle for United Nations inspection teams seeking access to Baghdad's ballistic missile sites.

Acting under the umbrella of the UN, the US along with Britain and other allies aim to issue an ultimatum to Presi-

ventional weapons sites. The urgency in Washington

copters on aerial inspections of suspected nuclear and uncon-

stems directly from President George Bush, who is due to deliver a keynote foreign pol-icy speech to the UN General Assembly in New York on Monday. Mr Bush views Iraqi

week - unless Iraq allows the UN teams to fly their own heliterms as a critical challenge to the credibility of the organis-tion, a US official said.

Iraq appeared yesterday to seek to defuse the confronta-tion with the UN, offering to allow flights by UN helicopters inside its airspace. However it warned that the helicopters

national security.
Diplomats at the UN said they thought Iraq was boping to prevent aerial photography.

Mr Ahdul Amir al-Anbari, the Iraqi amhassador to the UN, gave the assurances to this month's president of the Security Council, Mr Jean-Bernard Merimee of France. Mr Merimee said the Iraqi

that compromises Iraq's response "is not totally nega-national security. response "is not totally satisfac-

tory either."
Mr Thomas Pickering, the
US ambassador to the UN, yesterday informed other members of the UN Security Council of the US plan to force Iraq to comply with Resolution 707.
This calls for Iraq to provide "full, final and complete disclosure of all aspects of its programmes to develop weapons

D 8523A

of mass destruction". The US, Britain and other unnamed countries would ready to dispatch armed escorts - believed to include aircraft - to protect the UN teams which have been in Iraq since the ceasefire resolutions were adopted after the end of the Gulf war.

Continued on Page 22

# **Dutch call for armed** intervention in Croatia

By Quentin Peal in Bonn, Laura Sliber in Belgrade and Edward Mortimer in London

DIVISIONS in the European Community over how to respond to the crisis in Yugoslavia will come to a head nn Thursday when the West European Union will consider sending a peacekeeping force to separate Serbs and Croats involved in the escalating civil

war. The WEU will meet in The Hague on Thursday to discuss the Dutch proposal to send an intervention force. The move seems to he a

response to pressure from Germany for stronger western European action on the crisis. Other WEU and EC member states do not sppear ready to hack either the despatch of peacekeeping troops or early recognition of embattled Croatia's independence.

The decision to discuss an intervention force at talks in The Hague was announced after Lord Carrington, chairman of the EC peace conier-ence, arrived in Yugoslavia for meetings with Mr Franjo Tudj-man, president of Crostia, Mr Slobodan Milosevic, president of Serbia and General Veljko Kadijevic, the Yugoslav federal defence minister.

The moves came as some of the heaviest clashes in almost three months of fighting in Yugoslavia were taking place, Croatian forces used mortars and heavy artillery in battles with Serbian guerrillas and the Yugoslav army throughout the republic, taking the death toll

since Saturday past 40.

Air raid sirens wailed twice as air force jets flew low over the Croatian capital Zagreb and an army general said he could not rule out that the city would be bombed. The federal army vowed to take "decisive action" to raise

the sieges round their barracks on the Adriatic coastline. Croatian radio reported two federal air force jets had been shot down after they strayed into Hungarian airspace.

Mr Ante Markovic, Yugoslav prime minister, said his coun-try was unable to solve the Croatia. conflict alone and called on the EC and other international organisations to step up peace

efforts. "Without foreign support, without the support of the EC, we are not capable of halting the war, nor are we capable of keeping It under Thursday's WEU meeting has been called after urgent pleading by the German gov-

ernment, in particular by Mr Hans-Dietrich Genscher, the German foreign minister, for the west Europeans to step up their intervention in the crisis. In spite of superficial agree-

ment on strategy, the debate within the EC has become increasingly divided between Germany, which sees Croatia as an embattled nation state fighting for survival, and Britain, France and the Netherlands which insist that the EC must be seen to be evenhanded between Serbia and

The decision to call a meeting of the WEU ministerial council appears to have been made hy Mr Hans van den Broek, Dutch foreign minister, as host, and Mr Genscher, as chairman, on the spur of the moment yesterday afternoon. It was not mentioned when Mr Genscher rang Mr Douglas Hurd, the British foreign secre-

tary, earlier in the day. British officials reacted cautiously to the Dutch initiative, stressing that Britain was not committed to contributing to any peacekeeping force and hed made no contingency plans. Mr John Major, the prime minister, "would have to think long and hard" before undertaking any such commitment, one official said. Another speculeted that Mr van den Broek called the WEU meeting to oblige the Germans culties of such an intervention

Swedish Christian Democrat leader Alf Svenssnn celebrates his party's first seats in parliament after 27 years of campaigning. Page 22

# Soviet central bank 'to be scrapped'

By Leyla Boulton in Moscow

GOSBANK, the Soviet central bank, will soon be abolished and replaced by a banking council of central bank governors from the republics, the chairman of Russla's central bank said yesterday.

Mr Georgy Matiukhin said the council could start in of next month. "This council must be created as urgently as possible," he said in an inter-

The plan represents another step towards the dismantling of centralised power struc-tures, a process which has of last month's conp. It would

mean that Mr Viktor Gerash-chenko, the Gosbank chairman who is the Soviet Union's bestknown banker ahroad, would be deprived of his present job. The council would gather the chairmen of the central

banks of 12 republics as full members with voting rights. plus the three now independent Baltic republics which were seeking associate membership, Mr Matiukhin said. He said Latvia, Litbuania

and Estonia had asked not to have voting rights hut had volcouncil's decisions.

unteered to submit to all the A plan for a similar council was already envisaged in

Soviet hanking legislation passed in December but prog-ress was held up by political wrangling which preceded the abortive coup.

The council would have an

executive body responsible for enforcing its decisions, headed hy an executive director, he Although Mr Gerashchenko

was co-operating with the republic central banks on setting up the council, Mr Matiu-khin sald he did not know whether he would take over the new job.

Mr Matiukhin said a working group chaired by his deputy and that of Mr Gerashchenko

would finalise proposals on October 15. Republics were still divided

on how decisions should be taken, even though they all agreed the system would be unworkable if decisions required unanimous approval In the meantime, he revealed that all 15 central bank gove nors would go for a week'a training course at Bank of France headquarters in Paris from November 17 to 28.

Anthony Robinson writes: Mr Gerashchenko declined to comment on his future plans in Continued on Page 22

Food output falling, Page 2

# Hanson set to win Beazer with £351m takeover bid

By Roland Rudd and Jane Fuller in London

HANSON, the UK-hssed conglomerate, yesterday made e recommended £3S1.4m (\$609m) takeover offer for Beaer. Britain's fourth largest housebuilder and the owner of Koppers, the second biggest US

CHB Group, comprising its operations in the UK and elsewhere in Europe. The pathfinder prospectus was pnh-lished only last week.

of disposals and lower property profits. Page 24; Lex, Page 22; Background, Page 30

deal does not affect any major transactions under review put the deal to Mr Brian Beazer, chief executive of Beazer, on Friday night, his advisers said he planned the takeover aggregates producer.
The bid hrought to a halt Beazer's planned flotation of

The price is little more than a third of the \$1.72bn Beazer paid in 1988 to take over Koppers. Although Beazer sold peripheral businesses, the Koppers deal remained the main source of its £1bn-plus deht. Shares in Imperial Chemical Industries, in which Hanson bought a 2.8 per cent stake in

May, fell by 37p to 1267p yesterday because of market specula-tion Hanson was no longer interested in making a bid. But a senior Hanson adviser said: "Lord Hanson [the company's chairman] was disap-

of CHB would be likely to realpointed to hear that ICI's shares had fallen. The Beazer from the flotation. Although Lord Hanson first Beazer share at 123 1/2 p - 90 p

more than three months ago.

If the deal is accepted by Beazer's shareholders. Mr Bea zer will remain in charge of the US aggregates husiness for Hanson. Hanson will inherit Beazer's £1.2bn debt pusbing its overall deht close to £9hn, against cash of £7.6hn.

Lord Hanson's edvisers said the deht could be easily absorbed for two main reasons: Hanson would be in a much stronger position to negotiate new borrowing terms. Mr Mar-tin Taylor, Hanson's vice chairman, said: "We hope there will be a meeting of minds with Beazer's bankers on what we both wish to achieve."

 Although Hanson said it planned to extend Beazer's

British operations, a break-up

MARKETS

DM2.81 (2.9175)

SFr2.5425 (2.5575)

£ index 91.0 (91.1)

New York: Comex Dec

COLD

New York Junchtime: \$1.7375

STERLING

ise significantly more than the £500m Beazer hoped to get Hanson's offer values each

in cash or loan notes and one warrant. Each warrant gives the right to subscribe for a Hanson ordinary share et 300p until September 30 1997. The hid is 12.6 times Beazer's fully diluted earnings per share of 9.83p for the year to June 30, when pre-tax profits fell 43 per cent to £60.6m.

The offer price compares with Beazer's close of 83p on Friday, giving it a market value of £236m after a 15 per cent decline last week. Yester day Beazer's shares, which were suspended until just after 2pm, closed et 115 4p.
The offer for each American

depository sbare is 360p cash plus four warrants, equivalent to \$8.56, a premium of 48.2 per cent to the price on on Friday.

Ohserver, Page 20; Lex, Pege 22; Analysis, Page 23

STOCK INDICES

FT-SE 100:

2.606.0 (-19.8)

2,051.0 (-18.8)

1,261.19 (-0.6%)

New York lunch

2.995.53 (+9.84)

FT Ordinary:

FT-A All-Sha

DJ Ind. Av.

S&P Comp

383.78 (+0.19)

Tokyo: Nikkei

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the vision of a new world order Petrick Buchanan has



Intl. Capital Markets .....

a slogan: "America First". Behind his neo-Isolationist banner march a mixed hand of supporters, united by their antipathy to the internationalist vision of US president George Bush

Page 21 Stock Markets -World \_.

Takyo close:Y134.32 US lunchtime rates \$345.65 (344.2) N SEA OIL (Argus) \$520,425 ( -0.20)

Fed Funds: 5%%

DOLLAR

New York

DM1.67515

FFr5.704

Y133.77

SFr 1.4635

DM1.6735 (1.684)

FFr5.7 (5.735)

Y133.55 (133.9)

S index 64.7 (64.8)

3-mo Treasury Bills: 5.323%

Long Bond: 102 3 yield: 7.93%

23,134,43 (+604,23) LONDON MONEY 3-month interbank: 10%% (10%)

5348.3 (348.2) Brent Oct

#### THE SOVIET BREAK-UP

Radical reform of distribution and agriculture are promised

# Food production falling by 12%

Kazakhstan pledges to keep N-weapons

on Sunday night.
His comments do not appear to indicate

any intention to possess an independent

nuclear force – only to share control with the Soviet, or Russian, anthorities. Mr Boris Yeltsin, the Russian president,

By John Lloyd in Moscow

SOVIET food production is tion had been ineffective, falling at an annual rate of 12 per cent, causing a "very dan-gerous situation", Mr Yuri Luzhkov, chief executive of Moscow and one of the four-man Committee for the Management of the National Econ-

omy, said yesterday.

Mr Luzhkov, giving a report
on the food aituation to the
second full meeting of the
State Council – which unites
the leaders of the republics
with President Mikhail Corba with President Mikhail Gorba-chev - said production had dropped by 8.5 per cent in the first eight months of the year, and that the fall was gathering

Measures by the individual republics to address the situa-

MR Nursultan Nazarbayev, president of Kazakhstan, has given the first sign that republics other than Russia wish to retain

nnclear weapons on their territories,

In an interview with the US ABC televi-sion network Mr Nazarbayev said Kazakh

because they had not co-ordi-nated their actions, he said. Mr Ivan Silayev, the commit-

tee's chairman and Russian prime minister, said a joint statement on food production, agreed with the republican representatives on the committee would be issued in the next 2-3 days. Utgent measures to ensure the provision of food to the population, and to push through radical reform in the agricultural sector, would he agreed by the end of the month. Mr Silayev announced last week that he would resign as committee chairman but the mattet was not mentioned

yesterday.
The council, which contin-

ued meeting until late last compromise. Mr Yavlinsky night, is now the supreme executive body at Union level. It also considered yesterday a plan for an inter-republican economic agreement, presented by Mr Grigory Yavlinsky, a member of the committee and a radical economist, which would set up a banking union and a common currency and attempt to ensure a free flow of goods and services across what is hecoming increasingly

Mr Gorbachev said discussion of the agreement had revealed "a variety of approaches" – an indication that the Soviet president may be considering again trying to merge varying plans into one

divided territories.

said that, while his proposal accepted the independence of each republic, the draft agreement laid down a common market as a means of pulling each of the states out of the common economic crisis.

The draft agreement sets out equal rights for all husinesses in all the republics which sign the treaty. These include a common currency and a hanking union with the powers of a federal reserve hank and a rapid transition to free prices for most products, as well as a common labour market which would include an end to the propiska system under which each citizen needs a permit to

USSR should have a single system of defence, hat emphasised that nuclear mis-

siles should be under the collective con-

trol of all republics.



## Thousands of Kiev residents and representatives from other

# Russian mayor launches appeal for EC food aid

By David Buchan in Brussels

THE European Commission received its first separate request for food aid from an individual Soviet city yester-day, just as Mr Jaques Delors, the Commission president, was extolling the virtues of ECstyle economic and political integration to a group of economy ministers from Soviet

Mr Anatoly Sobchak, the msyor of St Petersburg (for-merly Leningrad), sent Brussels a letter asking for 20,000 tonnes of hutter, 15,000 tonnes of milk powder and 50,000 tonnes of meat to tide the Soviet Union's second largest

tity through the winter.

The Commission said St Petershurg's request appeared to be in addition to last week's call for Ecn5hn-Ecu6hn
(£3.5hn-£4.2hn) worth of food
aid which had ostensibly been
made on behalf of all Soviet
republics hy Mr Ivan Silayev, the Russian prime minister, hut which Ukrainjan ministers subsequently told EC officials that they had not been con-

agement of the Economy which is headed by Mr Silayev, is due in Brussels later this week to justify the food ald request to the Commission.

EC officials say they want to know whether the plea for

ble for agriculture on the four-man Committee for the Man-

5.5m tonnes of grain and large quantities of meat, to be deliv-ered over the next nine months, takes account of hilateral barter deals already made hy Moscow, and how the request to the EC tallies with a similar plea to Mr John Major. British premier, who is presiding over Group of Seven studies on Soviet aid.

Mr Delors, meanwhile, cau-

tioned the republic ministers not to expect too much in the way of aid from the EC, whose assistance was being sought by numerous countries. By contrast, Prof Jeffrey Sachs, a Har-vard economist and adviser to east European governments, called yesterday in Brussels for "generous amounts of western aid on strict conditions" for Soviet republics, beginning with Russia and Ukraine.

## G7 ministers back technical assistance

By Andrew Fishet in Dresden

DEPUTY finance ministers from the Group of Seven industrialised countries have suggested G7 finance ministers should get togethet before the IMF meeting in Bangkok next month to discuss aid to the Saulat Union Soviet Union.

Officials said the delegates, who met at the weekend in Dresden, also suggested that G7 aid should be primarily technical, rather than finan-

cial.

The US is believed to favour direct dealings with individual Soviet republics, rather than the central government in Moscow. Mr Nicholas Brady, US Treasury secretary, has said he favours the attendance in Bangkok of Soviet representatives to discuss the economic situation in the Soviet Union. Western industrialised countries must lift trade barri-ers to goods from east Europe in the interests of both sides, Mr Hans Tletmeyer, deputy president of Germany's Bund-challs, cold protections. esbank, said yesterday.

"We have to do more than we have so far to remove trade barriers," he said after chair-ing a meeting of the OECD's Working Party Three, which moultors would economic and

exchange rate trends.

Mr Tietmeyer said the OECD committee, on which there was hroad agreement on the trade issue, did not deal specifically with the operation of direct with the question of direct assistance to the Soviet Union.

#### **NEWS IN BRIEF**

## Georgian opposition tells president to quit

MORE than 10,000 Georgians demanded tha resignation of President Zviad Gamsakhurdia yesterday at a rally of the newly united opposition in the capital of the Soviet republic, Reuter reports from Tbilisi.

Mr Nodar Natadze, leader of the People's Front, won applause Mr Nodar Natadze, leader of the People's Front, won applause from the crowd, one of the largest seen in Tbilisi, when he declared: "Today's meeting is the start of the movement which will lead to victory, to the removal of the president."

Leaders of more than 12 opposition groops took turns to address the flag-waving crowd from a platform in Republic Square, Tbilisi's equivalent of Moscow'a Red Square.

Mr Tengiz Sigua, the former prime ministet, who resigned last month, made a dramatic arrival at the square surrounded by nervous national guardsmen carrying machine-guns and pistols.

#### Walesa snubs Landsbergis

Mr Lech Walesa, Poland'a president, yesterday snnhbed President Vytautas Landsbergis of Lithuania hy failing to meet him on his way through Warsaw to the US, writes Christopher Bobinski in Warsaw.

Relations between the two countries have been strained by Lithuania's banning of local councils accused of collaborating with the Soviets in areas inhabited by Lithuania's 300,000-strong Polish minority.

#### Estonia bank chief to resign

Mr Rein Otsafson, president of the Bank of Estonia, said yesterday he had submitted his resignation in protest at a new law which would allow foreign banks to operate in Estonia, Reuter reports from Tallinn.

Mr Otsafson said he supported the principle of involving foreign capital in the newly independent republic hut said Estonia's banking system was too weak.

#### Heavy losses in Azerbaijan clashes

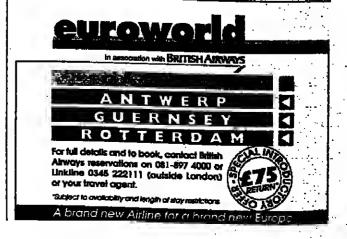
Azerbaijani paramilitary forces clashed with Armenian militants near the dispoted region of Nagorno-Karabakh, with heavy losses on both sides, according to news reports from the Transcaucasus yesterday, Reuter reports from Moscow.

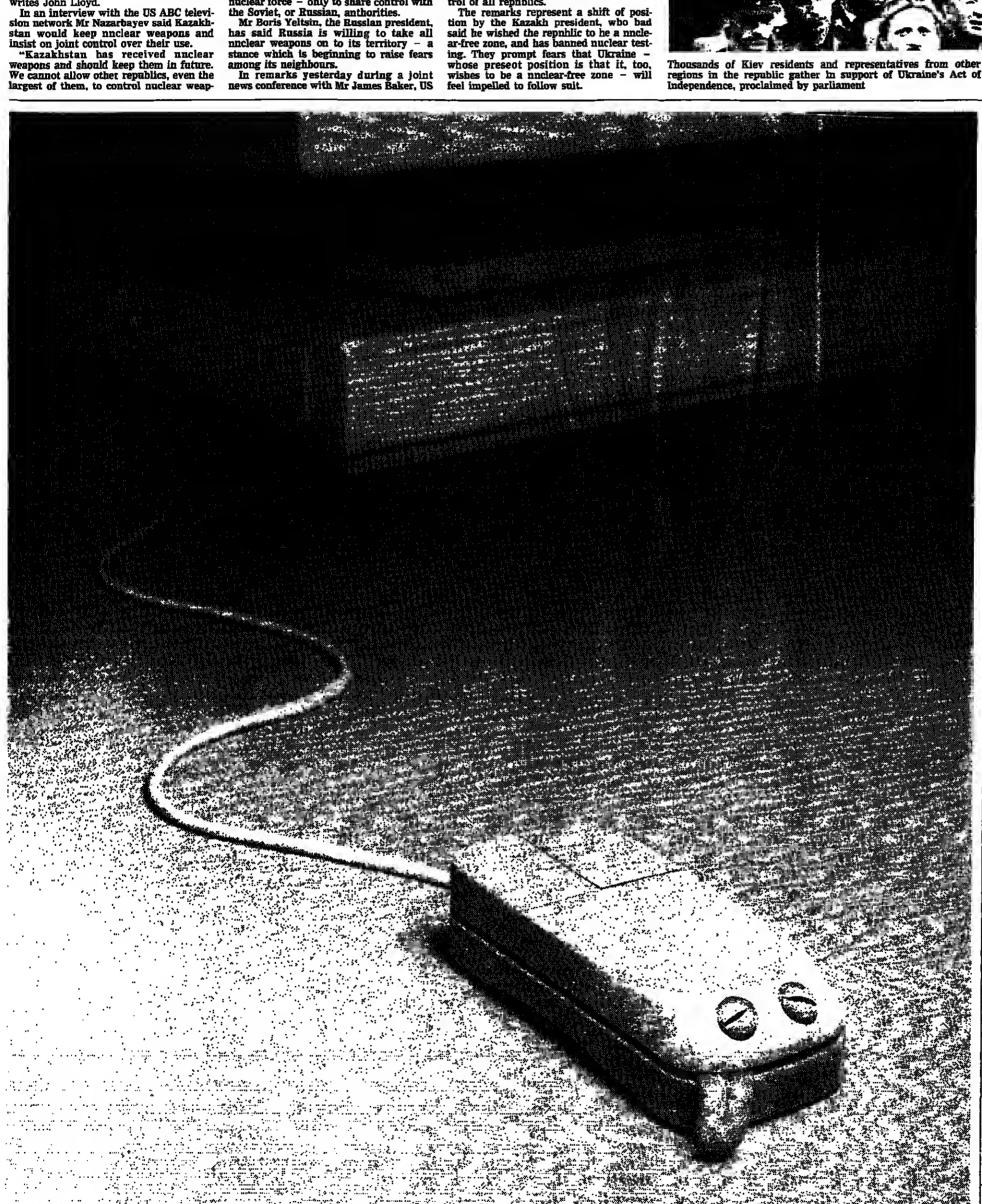
The independent Interfax news agency cited Armenian officials as saying 14 Azerbaijanis were killed and 30 injured in fighting close to the Armenian-populated village of Verishen. A report from the Azerbaijani news agency Turan said five Azerbaijani policemen and two civilians were killed in artillery battles near the disputed horder. Turan, outting the Azerbaijani Interior Minthe disputed horder. Turan, quoting the Azerbaijani Interior Min-istry, put Armenian losses at more than 20.

#### Pankin to visit Stockholm

Mr Boris Pankin, Soviet foreign minister, will visit Sweden today to study the country's social and economic system, his spokesman said yesterday, Reuter reports from Moscow.

An official said Mr Pankin would spend two days in Stockholm "to draw the attention of Soviet public opinion to the Swedish experience in economic and political structures".





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1 opposition

ident to w

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chief to resign

in Certaijandi

124 2017

A STATISTICS STRIPPING

French premier seeks to curb rise in jobless

# Cresson unveils plan to boost small businesses

By William Dawkins in Paris

MES Edith Cresson, the French prime minister, yesterday unveiled a package of tax breaks and investment incennreas and investment made tives for small business, part of efforts to curb unemployment, one of the government's biggest headaches.

The main points of the FF12bn (£1.2bn) scheme, presented at a meeting of France's main small business organics.

main small business organisa-tion in Bordeaux, include:

 A reduction in corporation tax for all businesses.

The introduction for tha small companies raising new

 More state subsidised loans at lower interest rates and steps to make it cheaper for small businesses to incorporate as limited liability companies.

The move recalls the small

husiness incentivas launched by the UK in the 1980s, also an attempt to create jobs. Government officials said it was the first stage in a French industrial policy programme which would include proposals to stimulate professional training and the announcement of candidates for partial privatisa-tion, to be tabled by the end of

per cent.
The main innovation would allow small companies to write off against corporation tax a quarter of the value of a capital increase, on condition that the fresh capital is ensure businesses receive the full benefit of the tax incentives, said an official.

 The French annual inflation rate fell to around 3 per cent last month, from 8.4 per cent in July, according to provisional figures released yesterday by Insee, the state statistics body The monthly rate alowed to

between 0.2 per cent and 0.3 per cent in August, as against 0.4 per cent in the previous month, so continuing to widen the gap against the higher German rate. French consumer demand traditionally slows in August encourgaing price sta-



Markus Wolf: wants to

#### Former spy master requests asylum

MR Markus Wulf, East costs of restructuring. It indicates concern in the agency that the scale and type of subsidies needed could breach EC regulations.

pher Parkes in Bonn. Flustered Austrian Interior Ministry officials, who have in the past promised they would offer no hiding place for exponents, immediately promised a "prompt and speedy" hearing of Mr Wolf's appeal.

The Bonn government declared it was in the urgent interests of justice that Mr Wolf, who has been in the Soviet Union for more than a year, should be brought before

a German court. However, Vienna made it clear that espionage did not count as an extraditable offence, putting German security forces in a quandery. Despite assurances of specity treatment. Mr. Wolf's hearing, which has yet to be fixed.

could take several weeks.
Officials said the best hope of catching the 68-year-old Mr
of catching the 68-year-old Mr
Wolf lay in his being refused
asylum and being thrown out
of Austria. ft was not clear
whether a deportee from Austria was allowed to choose his

or her destination.

The Soviet Union, dependent on western aid and goodwill, is unlikely to offer him safe haven. Mr Wolf declared in a

recent magazine interview that my time in Moscow is coming to an end. I want to

live in Germany."

The super-spy, who flew into Vienna last week under his own name, was nicked up by the police on Sunday and later

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France's twin rates of corporation tax - 34 per cent on retained earnings and 42 per cent on distributed profits are to converge on the lower rate. Small businesses will pay all companies will be taxed at

34 per cent from 1993. This will cost the treasury FFr6.2hn next year, hut it hopes to get most of that back by raising the tax on companies' financial invastment gains from 25 per cent to 33.3

worth at least a quarter of the

This contrasts with incen-tives like Britain's Business Expansion Scheme, where the tax break goes to investors rather than companies. The French government wants to

Officials say the economy also had to absorb a series of public service prices rises in

# Treuhand wants EC aid to reshape ailing shipyards

THE Trenhand privatisation agency has asked the Bonn government to seek urgent European Commission approval for plans to restructure east Germany's crumhling

shipbuilding industry.

Despite rationalisation measures already taken, the Treuhand's governing council says tha "most far-reaching support possible" is still necessary if the Baltic yards are to be sold either to management or outside investors.

The industry ministry, which is to be hriefed this week on the condition of the shipyards and the aid they

need, is expected to contact Brussels early next month.

The appeal suggests that, as with other core industries in the east, the Treuhand is having difficulties finding bidders prepared to buy into neglected heavy industries and bear the

ments further east are also deterring bidders: three-quar-ters of the yards' ontput tradi-tionally goes to the Soviet

There is more at stake than the future of Deutsche Maschi-nen-und Schiffbau (DMS), the umbrella concern embracing 24 formerly state-owned enter-

According to Mr Bernd Hey-drich, leader of the DMS works council, shiphuilding is the backbona of the economy in the north-eastern state of Mecklenburg-Vorpommern and its loss will spell the death of all the state's industry.

West German shiphuilders have been through a painful shake-out since 1975, halving capacity from 1.5m gross tons and reducing their workforce from 78,000 to less than 30,000. They seem to have no stomach for going through the process

WHOLESALE prices in west Germany fell in August for the first time in four months, offering more comfort to government and Bundashank anthorities eager to clamp down un inflation, writes Christopher

Parkes. Thanks mainly to reductions in prices for vegeta-bles, cereals, fuel and heat-ing nil, tha wholesale prices index was 0.9 per cent lower than in July. The year-onyear figure was 1.3 per cent

> • West German companies are investing more slowly in east Germany than initially planned, a survey by the lfo conomic research institute shows, Reuter reports from Munich Ito said west Germany's

> manufacturing industry was investing only DM9bn (£3bn) DM10hn initially forecast. Instead, it was raising its investment plans for 1992 by DM1bn to DM16bn.

again with DMS, which

despite sacking more than 10,000 in the past year, still employs 40,000.

The Treuhand has also run into trouble with plans to sell Narva, the Berlin based electric lamp maker, and con-firmed the closure of the Robotron-Sommerda office equipment company. An agreement, announced in August, to sell Narva to a consortium led by Klingsbeil, a west Berlin property company, has been cancelled following disagree-

ments over price.
Narva is now back on the market, but liquidation "is not ruled out," according to Treu-

The closure of Robotron, scheduled for December 31, will mean the loss of a further 9,000 jobs in the central state of Thuringia.

# **Basque governing** coalition collapses

By Peter Bruce in Madrid

THREE WEEKS of secessionist tension in Spain, inspired by events in the Soviet Union and Yugoslavia, claimed a first institutional victim yesterday whan the all-nationalist regional coalition government of the Basqua country col-

lansed. Mr Jose Antonio Ardanza, leader of the Basque govern-ment, said he had expelled one of the three parties in the coalition, Eusko Alkartasuna (EA). for publicly supporting motions calling for total Basque independence in the region's town councils.

The motions are being put hy Herri Batasuna, which func-tions as an informal political wing of Eta, the armed Basque secessionist movement.

The regional government's collapse leaves it without a parliamentary majority and means Mr Ardanza's Basque means Mr Aroanza's Bastler nationalist party (PNV), the region's biggest, will probably form a new coalition with the Basque affiliate of Spain's ruling Socialist party, the second

largest in the region.
Although the news will cheer the socialist government in Madrid, there is likely to be some concern at the hreak-up of the coalition. The PNV is a conservative party and it was assumed that by bringing the more radical EA and the left wing Euskadiko Ezkerra (EE)

into government, their destabi-lising influence in the region could be mitigated. But regional politics in Spain are opportunist and the inten-sity of national sentiment in both the Basque country and Catalonia since the Baltic republics began winning recognition from western nations appears to have proved too great for the EA to resist.

A number of Basque councils have already passed motions calling for independence, with the support of Herri Batasuna and the EA. Such votes occur periodically in the region and are unlikely to have any immediate impact on its status.

But they put added pressure on the PNV, which has con-stantly to play to nationalist sympathy by claiming the region's right to be indepen-dent if it chooses, while ensuring it does not cut itself off from the economic lifeline represented by Spain.

The formation of a new Basque government with socialist participation would provide Mr Felipe Gonzalez, Spain's prime minister, with an opportunity to demonstrate Madrid's commitment to devolving powers to the country's autonomous regions while preventing more strident nationalists from claiming credit for quicker devolution.

#### **EUROPEAN NEWS**

# Sweden's left feels the chill wind of change

Robert Taylor on a rare electoral defeat for the Social Democrats

R Carl Bildt, Sweden's next prime minister and Moderate party leader, yesterday summed up the result of the general election on Sunday as a "massive mandate for change and the worst defeat for the left we have ever seen in this country since universal suf-

frage".

As he explained: "The winds of political change blowing through Europe have finally hit Sweden".

The defeat of the country's Social Democrats is certainly historic; the party has gov-erned Sweden since September 1932 except for a hrief period between 1976 and 1982.

"We Moderates were dissidents on the edge of the country's Social Democratic consen-

sus in the 1970s", explains Mr Bildt, whose party was then a small element of the non-So-

This time it is different. Yes-terday, Mr Ingvar Carlsson, the Social Democrat prime minister, offered his resignation and Mr Bildt was asked to form the next government. Over the past three years the Social Democrats have heen

forced to carry out market-oriented policies under pressure for more individual freedom and the internationalisation of the economy.
"We set the agenda for Swedish politics in the 1980s and we

declared Mr Bildt. of the Social Democrats are complex. Mr Carlsson hlames

will do so for the new decade" The reasons for the demise his government's 1990-1991 tax reforms, which eased the tax burden on above-average income earners but did little to reward its traditional support among manual workers.

the party votes as unemploy-ment has risen while inflation last year ate into living stan-

The Social Democrats promised nothing new during the campaign and made a virtue out of their financial stringency, which was admirable but did little to attract lost voters. Mr Carlsson also failed to trumpet his achievements in office, perhaps worrying that his market-oriented economic policies had upset the party

faithful.

Many voters were certainly bewildered by the Social Democrats' recent change of ideol-ogy. The party seemed to have ahandoned the old faith and replaced it with economic lib-eral ideas which were never explained clearly to their sup-

ago the largest of the non-So-cialist parties, it was the worst The deep recession also cost But there are also more fundamental reasons for the Social Democracy lost

> to individual freedom. Its ideological exhaustion combined with growing doubts about the administrative competence of the Carlsson government made it an uphill strug-

cialist hloc - also suffered.

SWEDISH POLITICAL LINE-UP			•		
arty	1991	Votes 1988	% Change	Seat:	1988
ocial Democrats	37.6	43.2	-5.a	137	156
eft Party	4.5	5,8	- 1.4	18	21
odarates	21,9	18.3	+3.6	80	66
berals	9.2	12.2	- 3.0	34	44
entre	8.4	11.3	-2.9	31	42
hrislian Damocrats	7.0	2.9	+4.1	26	_
ew Democracy	6.7	~	_	25	÷
reens	3.4	5.5	-2.1	-	20
urnnout	85.0	86.0	- 1.0		



Muderate party leader Carl Bildt (left) with Liberal party chief Bengt Westerberg

heavily among many younger voters, to whom the party is synonymous with a benevolent hut bureaucratic state hostile

gle for the party, though it recovered 10 perecentage points in the polls over the past six months.

The Social Democrats were not the only losers in the elec-tion. Both the middle-of-the-road Liberal and Centre parties - the tradi-tional mainstays of the non-So-For the Centre, only 20 years

result they have suffered. Mr Olof Johansson, the party's leader, said the voters punished them for co-operating with the last Social Democratic But the Centre is also suffer-

ing from an identity crisis with its own supporters, who are unsure of what it stands for. Mr Johansson gave the impression that his party was ready to serve in a non-Socialist coalition but only to uphold basically Social Democratic

It seems now unlikely to join Bildt-led government. The Liberals' performance

was not as bad as their 1982 dehacle. But they suffered because of their earlier readiness to join the Social Democrats in carrying through unpopular economic measures in the national interest.

The arrival of the populist New Democracy party in parliament is a sensational development. The party, led hy a colourful duo - Count lan Wachmeister and Mr Bert Karlsson, a funfair impressario - was formed about six months ago.

its message of free enterprise, low taxes and cheaper alcohol expressed in an entertaining style found a positive

The conservative Christlan Democrats were also winners entering parliament for the

first time since their formation Although the non-Socialist parties hold 186 seats in the 349-strong parliament they will not all work together because of New Democracy, which most of the others wish to

The outlook is therefore chaotic. Mr Bildt may find it possi-ble to form only a one or two party non-Socialist govern-ment. But this could easily fall apart and precipitate a govern-

ment crisis. For the moment it seems unlikely any of the small non-Socialist parties would co-operate with the still large Social Democrat minority. But such an option may eventually look

attractive. Swedish politics have reached the end of the Social Democratic era. But what comes next is still unclear although the country could move more into line with its neighbours Norway and Denmark, who have wrestled with a fragmented political scene ince the early 1970s when they first experienced the slow decay of Social Democracy but failed to replace it with a coherent non-Socialist alterna-

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MARKET FOR

Indian

states

emboldened

by Soviet

break-up

By David Housego

DISINTEGRATION of the Soviet Union is giving weight

to pressure from states in the

Indian union for more auton-

Two public statements yes-terday reflected the bolder

in New Delhi

# Democrat victory ruffles Hong Kong feathers

R Martin Lee's United Democrats may have dominated Sunday's election in Hong Kong, but power remains far from their grasp. Nevertheless, the Democrats' sweeping victory has left them with everything to play for as the handover to China in 1997 comes ever closer.

The Democrats and their allies won 16 of the 18 directly elected seats. But another 21 largely representing pro-busi-ness and pro-China positions outside Mr Lee's liberal grouping, were indirectly elected by professional and trade groups while the governor will appoint a further 17 councillors and four officials in the next two weeks. These appointments will decide the balance of power in the 60-seat Legislative

Council.

Mr Lee said the government should appoint liberal-minded should appoint the similar minded people to the council in propor-tion to the liberal camp's suc-cess in the direct poils. This would effectively turn the Democrats into the ruling

party.

He warned that if the government uses its appointees to counter the Democrats, this will only further undarmine its credibility. And if liberal appointments are not made, he said he may take the matter to UK premier Mr John Major.

"We have now got the man-date of the people. We have been elected by the Hong Kong

we have now got to implement

The government is likely to view this demand as undermin-ing its authority. In the past the council has been something of a rubber stamp because it was filled with gov-ernment appointees. As well as passing legislation, it has the power to approve or block government expenditure.

**Angus Foster** assesses the implications of the

landslide election win by anti-Beijing liberals

Observers believe the government will not risk allowing the Democrats a wide enough power base to have an effective veto over spending, and will therefore try to compromise, perhaps by appointing a couple of token liberals to the council. The government also seems prepared, if necessary, to stand up to the Democrats.

As the size of the Democrats' victory snnk in yesterday, there were signs the party is to become more aggressive. Before the elections, Mr Lee wanted representatives from successful parties to be offered seats on the Executive Council

(Exco), the government's highest policy making body. Now, Mr Lee talks of being given a majority of the 10 seats on Exco, which would be unthinkable for the government.

The government says it will consider appointing directly elected politicians to Exco as long as they adhere to rules about collective responsibility and confidentiality, as in

The Democrats argue it is impossible for them, as elected representatives of Hong Kong, to follow the government line if they think it is against the interests of Hong Kong. For example, the Democrats want to lower the voting age to IS. If Exco voted against this, Demo-crat members would have to defend the decision in public.

But the thorniest problems involve Hong Kong's relations with China and demands for more democracy. One of the Democrats' campaign pledges was to push for half the council to be directly elected in the cil to be directly elected in the of the directly elected in the next elections in 1995, instead of one third as agreed between Britain and China. The Democrats also called for the Basic Law, Hong Kong's mini-constitution after 1997, to be made more democratic.

The British and Hong Kong governments are working towards a smooth transition in 1997 and do not want to anger Beijing by pushing for more democracy.



THE VICTOR: Martin Lee celebrates with supporters as the results come in

All three governments, as well as business leaders in Hong Kong, are likely to try to undermine the Democrats calls by pointing to the direct elections' lower than expected voter turnout of 40 per cent as suggesting Hong Kong is unsure about faster political

reform, a suggestion strongly denled by Mr Lee. The Democrats four most

popular candidates, including Mr Lee, are closely linked to the Hong Kong Alliance. This is a group of activists who attacked China for the 1989 Tiananmen Square killings and helped dissidents escape. The Alliance is detested by Betjing which branded Its members

subversive. But the strength of public support for the four is now likely to make the Democrats more ontspoken in their criti-

By Stephanle Gray

"Until Sunday, no one could claim to represent the interests of the Hong Kong people. Now, we represent them and it is only right that Britain and China should listen to the views of the people of Hong Kong and their elected repre-sentatives." Mr Lee said.

demands triggered by regional revolts within the Soviet Union. Mr Bijn Patasik, chief minister of Orissa, yesterday called for a davolution of power that would leave the power that would leave the central government with responsibility for only defence and the currency.

Mr Patnaik, a long-time critic of excessive centralisation, said he did not want states to have their own armies. But he said foreign policy, on which hinged issues of war and peace, should be framed collectively between chief ministers and the union

> Calling on the central government to return to the states responsibilities for economic development and internal secu-rity it had assumed at indepen-dence, he said: "There is now no escape from transferring those powers to the states if india is to remain cohesive."

Reflecting similar views, Captain Amarinda Singh, one of the moderate Sikh leaders in the Punjab, also yesterday called for a revision of the con-stitution to increase state autonomy. He said that "the constitu-

tion must be amended to change our system of government into a federal structure with complete decentralisation of all subjects other than those most essential to any nation such as defence, external affairs, railways etc."

The statements came as par-liament took up a bill to postpone elections due in Ponjab this month and as the army fanned out in the northeastern state of Assam to quell an Assamese separatist move-

In the Punjab elections are again being postponed because of government fears that state elections could result in the Sikh separatist movement gaining a majority in the state

assembly.
In Assam troops were called out over the weekend after the banned United Liberation Front of Asom launched a new

Mr Hiteswar Saikia, chief minister of Assam, a big pro-ducer of tea and oil, told the killed 164 people in the 2% months since he had been in power, and kidnapped 252

A further reason why state governments have become more assertive is that they expect less funds from the centre as a result of the union's acute budgetary problems.



JIANG ZEMIN, the Chinese

Communist party chief, yester-day rebuffed Mr Giulio And-reotti, the Italian prime minis-

ter, over human rights by saying China's record had con-

tributed to world peace, Reuter

reports from Beijing. Mr Andreotti had expressed

Italy's concern over human

rights in a meeting with Jiang,

saying the issue was of con-

Mr Andreotti is on a six-day

visit to China, the first by an

Italian leader since relations

between the two countries

were disrupted by Beijing's

cern to all.

#### Musawi says it is up to Israel to make the next step

# Hizbollah goes back on hostage release

SHEIKH Abbas Musawi, the leader of the pro-Iranian Hiz-bollah movement, yesterday backtracked on a series of predictions that a western hostage was about to be freed in Beirut.

Israel's release of 51 Leban-ese prisoners and nine bodies last week was "an incomplete step" and it was still up to Israel to make the next gesture, he said, Lara Marlowe reports from Belrut. The setback appears to have

been caused by one or a combi-

1989 crackdown on dissent.

Jiang told him that China's record on providing enough food and clothing for its 1.1bn

people constituted observance of human rights. The Chinese

foreign ministry quoted him as

saying: "Human rights are con-

crete, not abstract. For a large country like China, what is

foremost is to ensure the right

of so many people to existence

and development."
Mr Andreotti's visit was the

latest sign that Beijing is

emerging from diplomatic iso-

lation after the attack on Tian-

anmen square demonstrators.

nation of factors: Hizbollah's insistence on freedom for Sheikh Abdul-Karim Obeid, who was kidnapped by Israeli troops in July 1989; the multiplicity of parties involved, with one negotiator in Beirut saying he deals with at least 60 differ ent interlocutors; a hitch over payment to the kidnappers by a party from a third country friendly to the US; and the kidnappers' desire to exclude the Lebanese government from involvement in hostage

All statements by pro-Iranian Shia leaders have empha-sised the need to free Sheikh

in a press conference at his sonth Beirut office yesterday Sheikh Musawi twice alluded to payment, saying that "every piece of information related to (Israelis missing in Lebanon) has a price" and that some of those who had released westerners in the past "got nothing in return" but "could release

(others) for something." The kidnappers may also be attempting to curtail Lebanese government involvement in

Mr Fares Boueiz, the Lebanese foreign minister, discussed hostages with his Iranian counterpart during a three-day visit to Tehran which ends today. Radical Shia Moslems are not represented in Lebanon's postwar government and bold little respect for President Elias

# Premadasa wins a

further puzzling turns with a ruling by Mr Sunil de Silva, the attorney-general, that an impeachment motion against President Ranasinghe Prema dasa by the opposition and government MPs on August 27 had lapsed.

SRI LANKA'S convoluted lifta Mohamed, the speaker, constitutional crisis has taken said the motion would go ahead regardless.
The attorney-geoeral's ruling also maintains that the president is free to dissolve parlia-

they were "misled".

# MS Ruth Richardson, the New Zealand finance minister, yes-terday defended her govern-

NZ minister defends

monetarist policies

terday defended her government's tough monetarist policles which have seen the
dismantling of the welfare
state and a slide in popularity.
Speaking after an address to
the UK Institute of Directors in
London, Ms Richardson
expressed confidence that her
National party government's
radical economic reforms
would see a political "pay-off"
by the time it faces re-election
in 1993. Three-year electoral
terms have often undone politerms have often undone poli-cies pursued by both main New Zealand parties. "We have in the past 10

months put into place the fun-damental economic reforms. We have two years and two months to get the politics right," she said.

Opinion polls show government support has fallen to 20 per cent from 49 per cent when it was swept to power last

However, yesterday Mr Jim Bolger, the prime minister, announced what was being seen as his finance minister's first significant defeat when he pledged to take a "moderate, commonsense approach" to cutting tariffs.

He said general tariffs would be reduced by a third between

# 1993 and 1996. There would be a further orderly reduction

after 1996 at a rate which would be decided in 1994.

Analysts have portrayed the debate over the speed of tariff cuts as a key one between Ms Richardson and her opponents within the government who want to take a less stringent tone. Earlier this month, Ms Richardson described those who wanted slower tariff reform as "industrial doommakers".

New Zealand tariffs range from about 16 per cent to 29 per cent on products where there are local manufacturers. In her speech, the minister said last May's labour reforms had taken the country from one which had "probably the OECD's most moribund labour

law to one of its most enlight-ened". Every employee now had the right to choose his or her bargaining agent and there were no special privileges for unions. As a result, the New Zealand labour market was much better placed to "develop in a constructive and enterpris-ing fashion". That in turn improved the climate for job She said a better balance between a monetary and fiscal policy had contributed to lower interest rates and inflation.

#### ANNOUNCEMENT

Chinese human rights

rebuff for Andreotti

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#### **Overwhelming** victory in Mauritius

MAURITIUS'S ruling coalition yesterday consolidated a landyestertay constituted a anti-slide victory, capturing 57 of the 62 parliamentary seats at stake in Sunday's general elec-tion, Reuter reports from Port

Opposition candidates of the Labour Party/Parti Mauricien Social Democrate coalition won only three seats and the other two were taken by a small Rodrigues Island party. Sir Anerood Jugnanth, the Monvement Socialiste Militant/Monvement Militant Mauricien prime minister, said its opponents "have been soundly trounced."

# breathing space By Mervyn de Silva in Colombo

He said this was because it had not been placed on the par-liamentary order paper before the session was adjourned three days later. Any attempt to revive it now would violate the constitution. Later Mr Han-

ment at any time since the impeachment motion is no longer operative. With the sword over his head apparently removed, Mr Premadasa has thus for the moment regained control over his parliamentary group. Some of the dissidents who signed the impeachment motion are now protesting that

#### **EUROPEAN NEWS**

#### Turkey to speed up By Christopher Bobinski in Warsaw privatisation

By John Murray Brown in

THE Turkish government has announced plans to speed up its privatisation programme, selling minority shares in 27 companies, before the country goes to the polls in general elections on October 20.

The sale represents the first privatisation since the public rticipation administration (PPA), the state agency entrusted with selling state assets to the public, sold \$7m (£4.1m) worth of shares in Tofas, Fiat's local joint venture, in June. This week, the shares of 11 state cement companies were also transfered to the PPA before being offered to the public in October.

The block sales - with ten-ders for the first 15 companies set to close on October 11

- come amid a legal wrangle
over the transfer in 1989 of five state-owned cement companies to Ciments Français, the French cement group.

The case is still unresolved

with the Prime Ministry to appeal against a Council of State decision annulling the sale on the grounds it contravened terms of a 1987 decree on privatisation which gave priority to domestic buyers. However, members of the conservative opposition True

Path (DYP) party, which filed that particular suit, has said it

would also speed up privatisa-tion to ease budget pressure. The Social Democrats, the other main opposition party, remain more ambivalent about privatisation, a view which is likely to be hardened by press reports last week that the 200,000 people who have taken stakes in state owned companies have seen their invest-ments lose TL824bn (£105m).

# Poland's budget promised a smooth passage

POLAND'S budget spending cuts for this year yesterday stood a better chance of winning a speedy passage through parliament after the govern-ment failed by 19 votes to win a two-thirds majority for special powers to thirds majority for special powers to bypass the legislature on the issue. The government had argued that it

needed such wide-ranging powers while the new parliament got into its stride and a new government was formed after the general elections on October

However, after the vote on Saturday, parliamentary deputies of every politi-cal hue and persuasion maked to declare willingness to approve the budget and speedy changes in pension laws tha government wants. None want to be accused during the elections of acting

irresponsibly.
Changes in banking laws tightening the central bank's supervisory powers will also be passed soon.

However, the vote also means that

the government will not have a free hand to manage issues such as privati-sation, changes in the administration or introducing charges for health care in the two months following the election as envisaged by the special powers

Mr Jan Krzysztof Bielecki's govern-ment accepted the rebuff calmly and

expressed readiness to work with par-liamant in getting the legislation passed. The premier, who heads the Liberal Democratic Congress party, has managed to project an image of a man ready to take charge but hampered by opponents, thanks to his drive to win the special powers. This amounts to a valuable excuse in the election campaign for falling to improve the country's economic situation.

The plight of the budget is more serious than the government's August adjustments suggest – the deficit this year could go 3,000hn zloty (£157m) higher than the 24,000hn zloty figure provisionally agreed with the Interna-

tional Monetary Fund in August. Revenues could we'll drop by a further 10,000bn zloty past the projected 227,000bn zloty, while the absolute minimum for spending was set last week at 244bn zloty, or 7,000bn zloty less than the figure for ontlays envisaged e

month ago.

The NBP, Poland's central bank yesterday lowered its base lending rate to an annual 40 per cent. The rate has been brought down step by step from 72 per cent in the first months of the year and reflects a drop in inflation. Retail prices are expected to rise by 2 per cent this month, or an annualised 27 per

# Hopes for EC-Efta zone deal

By David Buchan in Brussels THE EC and the European

Free Trade Association (Efta) have the political will to finish their protracted negotiations on a common economic zone next month, Mr Esko Aho, Finland's prime minister, said yesterday

Mr Aho, whose country is the president of Efta, said after talks with senior EC Commission officials here that the break up of the Soviet Union had made it all the more necessary for Efta and the EC to complete their talks on the European Economic Area

trade would take in the east European states and serve as the main economic element in the new Europe's political architecture, he said. The Finnish premier said he

(EEA). Such a zona of total free

had "good reason to believe" that the remaining EEA obstacles on fishing, transport and financial transfers would be settled in October. It would then be possible for Finland to start weighing the pros and cons of joining the Commu-nity. Mr Aho said some 80 per cent to 85 per cent of the (eco-

nomic) substance of EC membership would be covered by the KEA negotiations.
But the Finnish government also wanted to see what sort of foreign and dafence policy

commitments the Twelve adopt in the political union treaty that they are expected to signed in December, Mr Aho

Before catching the train, we want to know where it is going", he stressed. Finland's decision on EC membership would therefore not come before next year.

# UK-Japan car accord under fire

THE European Consumers Association (BEUC) is taking legal action to seek an end to a "gentlemen's agreament" between the British and Japanese motor industries, which limits direct Japanese car imports to 11 per cent of the UK new car market, Kevin

Mr Jim Murray, director of BEUC, said yesterday that Britisb consumers faced "higher prices and restricted choice as a result of the voluntary agreement which severely restricts the number of Japanese cars sold in the UK". The BEUC, along with the

UK Consumars Association

and the National Consumers Council, has lodged an official complaint with the European

It is seeking to initiate an investigation of the long-standing voluntary agreement in order to establish the existence of an infringement against EC competition rules.

#### Greenpeace assails IAEA over Chernobyl aftermath

By Juliet Sychrava

GREENPEACE has accused the International Atomic Energy Authority of colluding with Soviet authorities to hide the impact of the Chernobyl 1986 nuclear accident. in "The IAEA File", a docu-ment published to coincide

with the IAEA's general con-ference which opened in Vienna yesterday, the environmental group attacked the IAEA, the United Nations agency set up to promote the peaceful use of atomic energy. Calling for the radical reform of the IAEA, Greenpeace said the agency's man-date to promote nuclear energy conflicted with its responsibility as an international nuclear

ifety watchdog. Greenpeace accused the IARA of failing to respond to warnings that foreshadowed the Chemobyl accident, and of accepting uncritically Soviet explanations that the disaster was caused by human error.
But the IAEA said yesterday
that although it had had difficulty obtaining full reports from the Soviet Union, the report on Chernobyl conducted under its auspices had drawn on the work of 200 experts from 23 countries, and was

thorough and objective.
The Greenpeace report criticised the IAEA for refusing to tackle the problem of the transport of nuclear waste acros national boundaries, and accused the agency of encour-aging the dumping of radiosctive wastes in Africa and other

developing countries.

The IAEA yesterday vigorously denied the accusation. We have never seen a single case of radioactive waste being shipped to Africa, a spokesman said.
The IAEA rejected as "abso-

lutely outrageous" the claim by Greenpeace that during the Gulf war it had failed to prevent the Iraqi government from diverting anriched uranlum from French and So civilian nuclear programmes in iraq for military purposes.

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#### **AMERICAN NEWS**

# Treasury pledge to fight restrictive banking reform

By George Graham in Washington

THE US Treasury would rather abandon its efforts to repeal the Glass-Steagall Act, which has separated commercial and investment banking in the US since 1933, than accept the restrictive changes put forward by a congressional committee.

We would rather have no Glass-Steagall repeal than bad Glass-Steagall repeal," Mr Robert Glauber, Treasury under-secretary for finance, said yes-

The House energy and commerce committee last week put forward a draft banking reform hill which would have repealed the Act, but would have put in its place a set of firewalls between banking and securities activities even fiercer than the current curbs.

The draft bill would completely bar commercial compa-nies from owning banks, and would stop banks from offering a full range of financial ser-vices, including securities underwriting and insurance.

mine its efforts to reform banking legislation in a way that will make US banks more com-

It has urged that commercial companies, which can already own thrift institutions and "non-banks" that provided virtually all the services of a bank, should also be allowed to huy full banks.

"A keystone of our approach is to try to get private capital into the banking industry. Our question is — why not let an IBM buy a bank if it wants to, so long as it can be done safely," Mr Glauber said.

"At a minimum, we think taxpayers should get a break by allowing commercial firms to buy into a failing bank," he urged, noting that several of the 33 thrift institutions owned by commercial firms would have had to be bailed out by the federal government, but for cash injections from their parent companies.

The Treasury complains that The Treasury argues that the energy and commerce committee draft would bring about

"anti-competitive rollbacks" of

the existing law.
It would prohibit, for example, hanks from lending to a client and underwriting its securities at the same time, nor would a bank's trust and discretionary accounts he allowed to invest in securities it had underwritten, these being tougher restrictions than those now applied to stockbrokers which own "non-bank"

Mr Glauber said the Treasury would seek to modify these restrictions in the committee stage. If unsuccessful, it would work than to obtain changes in debate on the floor of the House and, in a last resort, would try to have the whole segment of the bill deal-

whole segment of the full deal-ing with these areas deleted. Some hanking industry groups complain, bowever, that the White House and Mr Nicholas Brady, treasury secre-tary, have falled in recent months to put enough of their

## Gates admits personal errors to CIA nomination hearing

By Lionel Barber in Washington

MR ROBERT Gates yesterday yesterday with the unexpected sought to defuse opposition to his nomination as tha next director of the Central Intelligence Agency, offering an apol-ogy for his handling of the Iran-Contra affair.

On the first day of his confirmation hearings before the Senate Intelligence Committee. Mr Gates acknowledged that he had been slow to pursue the possibility of wrong-doing at high level, and chided himself for not having been more scep-tical about accounts offered by the late William Casey, then his boss at the CIA.

Donbts about Mr Gates's role in the Iran-Contra affair plus charges that he slanted intelligence on the Soviet Union to curry favour within the Reagan administration -have emerged as the main obstacles to his nomination. However, prospects for his

confirmation appeared to rise

news that a federal judge had dismissed the long-running case against Mr Oliver North, the Marine lieutenant colonel at the centre of the Iran-Contra

Mr Lawrence Walsh, US special prosecutor, was forced reluctantly to seek dismissal of charges of perjury and obstruc-tion of justice, after a key wit-ness had admitted that his own statements at an earlier trial had been tainted.

Mr North said he was "totally exonerated". President George Bush, who has made the confirmation of Mr Gates a top priority, called it a "good

Members of the Senate committee spant much of the morning criticising the CIA for faulty intelligence work on the Soviet Union and Iraq in the 1980s, particularly exaggeration of the Soviet threat and

underestimation of economic weakeness.

News of the overturning of Mr North's convictions provoked suprise Iran-Contra – specifically how much Mr Gates knew about the illegal diversion of funds from arms sales to Iran towards the Nic-araguan rebeis - had promised to be one of the key issues

in the hearings.

Mr Gates, 47, now one of the president's national security advisers, told the committee in prepared answers that he knew little about Iran-Contra until it had heen made public in November 1986. At the time, Mr Gates was deputy CIA director. He said yesterday he only recalled flimsy warnings about the secret arms pipeline. Mr Gates is expected to face tough questions about his knowledge of illegal arms transfers to Iraq, and the CIA's

use of BCCL

Wanted: troubleshooter on world stage Michael Littlejohns studies form of would-be successors to the UN secretary-general

eral Assembly will hegin its 46th annual session today with a crucial question: Who will lead the UN after Mr Javier Pérez de Cuellar's term as secretary-general has expired at the end of the year? In a 137-item agenda that

includes so many hardy perennials that the world political upheavals of the past year might never bave happened, the selection of the next chief is a paramount issue.

The UN is enjoying unprecedented international approval, after its recent political snccesses and crucial role in the Gulf crisis, so the post is more attractive than ever for a host of diplomatic over-achievers. The salary of \$190,000 may be moderate but the perks

include status equivalent of that of a head of government, as well as a large staff of aides and retainers, and a handsome riverside home in Manhattan. At least a score of declared or potential candidates believe they have the stuff to handle what the late Dag Hammar-skiold, the second secretary-general, once called the most impossible job on earth.

Half-a-dozan are from Africa, which has never filled the post and where there is belief that

its time has come.
The most conspicuous African candidate is Mr Boutros Boutros Ghali, Egyptian dep-uty prime minister for foreign affairs. A Paris-educated Coptic Christian who accompaniad tha late President Sadat on his historic mission to Jerusalem and at Camp David, his French connection has drawn France's favour. But his age, 68, may count against him for such a

strenuous job. France – with the US, Britain, the Soviet Union and China – has veto power in the choice of the secretary-general, who must be endorsed by the









With a chance of a hot seat on the Hudson: (from left) Gyllenhammar, Ogata, Prince Sadruddin, Arias

Security Council and appointed by the General Assembly.

The Big Five's foreign ministers will meet in New York soon. France, current president of the council, wants a quick decision, if possible before the end of October. The Peruvian incumbent, reappointed in 1985, insists

that he wants no new mandate. Still some delegates believe he might accept another year or two, enabling hin to deal with such unfinished UN business as the Gulf war aftermath. That would be a big disap-pointment for Prince Sadrud-din Aga Khan, his special rep-resentative for the Gulf, who is

eager to step into his boss's shoes, having run and lost before. Early this year, Prince Sadruddin, who has Iranian citizenship and is the Frenchborn son of the Aga Khan III, was a favourite to succeed, but his lustre seems to have dimmed. US officials still regard him, however, as in a reasonably strong position, if only because he might be the

For the first time, a captain of industry is in an unofficial list of possible contenders —
Mr Pehr Gustaf Gyllenhammar, tha head of Volvo.
Nelther he nor Mr Hans
Janitschek of Austria, a former secretary general of Socialist International now serving as a UN consultant, and the only candidate to have offered him-salf by formal letter to the Council president, is givan

much chance. Those who have let it ba known publicly, or in private to governments, that they are ready and willing to serve include Mr Ali Alatas, Indonesian foreign minister. believed at one time to have a good chance but his proposets to chance, but his prospects too seem to have faded.

So have those of most of the African contenders. The Organisation of African Unity's failure to endorse one candidate, but rather to settle for a field of six, has not helped its claim to the succession.

formar military president of Nigeria who now runs a chicken farm, Mr Bernard Chidzero, Zimbabwa finance minister, Mr Kenneth Dadzie of minister, Mr Kenneth Dadzle of Ghana, secretary general of a UN agency, and Mr James Jonah of Sierra Leone, another senior UN official, are canvassing hard. A new entry at the weekend was Mr Michel Doo Kingue of Cameroon, executive director of Unitar, the UN institute for Training and Research.

Mr Martti Ahtisaari of Finland, who ran the UN opera-tion that hrought indepen-dence to Namibia and now is back in his country's foreign ministry, Mr Jan Eliasson, Sweden's UN ambassador, and Mrs Gro Hariem Brundtland, prime minister of Norway, are among possible choices from the Nordic countries.

Rounding out a current list of possible candidates, to

which other names may be added, are Mr Oscar Arias, Nobel Peace prize-winner and former president of Costa Rica,

Mrs Sadako Ogata of Japan UN High Commissioner for Refugees whose handling of a difficult job is much admired, Mr T T B Koh, a former ambas-sador of Singapore to the UN and the US who now heads a committee preparing for tha UN global conference on the UN global conference on the environment next year, Mr Maurice Strong, millionaire Canadian secretary-general of that conference, and Mr Clara Otumnu, a Ugandan former ambassador and now president of the New York-based International Peace Academy.

succession, the General Assembly must choose today among three candidates for the office of president for the new session, this being the first time for several years the job has been contested. Candidates for this are Sir Michael Somari, foreign minister of Papua New Guinea, Mr Samir Shihahi, Saudi Arabia's chief UN dele-gate, and Mr Abdalia al-Ashtal, Yemen'a chief delegate.

## Collor calls on emergency meeting to combat crisis

PRESIDENT Farnando Collor of Brazil today will hold a meeting of the Council of the Republic the clearest sign yet of the depth of the country's latest economic cri-sis, writes Christina Lamb in Rio

The Council of senior politicians and ministers may be summoned only in times of war and national emergency. Mr Collor is expected to tell it that the country is ungovernable without his sweeping over-

haul of the Constitution, recently proposed. The president spent the weekend in a many meetings with state governors and leaders of opposition parties, insisting that, without the overhaul, "the country is

heading for an abyss".

He said the federal government was bankrupt and unable to make crucial investments in infrastructure and education. The changes were essential to allow

the government to raise taxes, reduce spending and curb feverish inflation. The president's attempts to secure politi-cal support for changes have been unsuc-cessful, opposition leaders having agreed to back only a few points, such as a tax reform of the tax system. They are demanding that Mr Collor first purge his administration of what they call corrupt colleagues from his home state, Alagoas.

#### Noriega trial starts

THE US Government opened its drugs trafficking case against Ganaral Mannal Noriega of Panama, in a Miami court yesterday, reports Henry Hamman in Miami. The prosecution's statement out-lined tha 10 charges, including racketeering, manufacture and distribution of cocaine, and money laundering.



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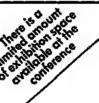
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#### **WORLD TRADE NEWS**

# US machine-tool Australians to sell 10m sheep a year to Russia makers seek to keep import curb

By Nancy Dunne in Washington

THE Bush administration has begun considering a request by American machine-tool makers for continuation of controls on imports from Japan and Taiwan on grounds of national

The US industry will have had five years of "temporary" protection by the end of 1991 Agreements" (VRAs) reached with Japan and Taiwan. The industry is still contending that it needs limits on imports and that its protection is vital to the US national security.

The Association for Manufacturing Technology (NMTBA) has taken its case to both Capitol Hill and the Bush administration. Ahout 100 congressmen - including 14 members of the key ways and means committee – and more than 20 secators have responded hy urging President Bush to extend the VRAs for

three to five years.

The lobbying effort can be seen as a test case of the administration's view on the need to protect companies which once could claim their snrvival was vital to US

in the past decade few industries have won that argument, and that was before the end of

the Cold War. in Congress. however, sentiment has been huilding for the naed to hroaden the definition of "national security" "national economic security". This would lay the foundation for protection of industries deemed vital to American man-

ufacturing capacity.
The Bush administration has rejected this view; hut next year is a presidential election, and industry groups could find they have increased clout.

The machine-tool industry

but much of that could be attri-buted to the recession. Orders for the first seven months were \$1.4ho (£820m), down 18 per cent from last year.

per cent this year, after falling slightly to \$2.3bn for 1990. The current VRAs limit the Japanese and Taiwanesa shares of the US market in machining centres, lathes, milling machines and punching and shearing machines. These

By Kevin Brown in Sydney

A privately-owned Australian company yesterday said it placed to ship up to 10m sheep a year to Vladivostok in a countertrade deal negotiated with a state-owoed Russian

trading group.

Mr James Ferguson, coowner of Perth-based Farmex, sald the sheep would he shipped on hoard converted Russian whalers fitted with slaughtering and freezing facilities. The company plans to

huy surplus sheep from wool-growers hit hy a slump in world prices. The sheep would be slaughtered in international waters, avoiding the high costs of Australian slaughterhouses.

Mr Ferguson said Delso, a company owned by the government of the Russian Republic, had agreed to provide up to 10 ships, some of which would be acquired from associated com-

Farmex would he paid in

Soviet roubles, which would be and six-years-old which would used to huy oil and petroleum products, fish, timber and other products for export to

The Russian products would be marketed by Toncity Man-agement, a Swiss company jointly owned by Farmex, Dalso and Toncity, a Swiss manufacturing group.

Mr Ferguson said the sheep

acquired by Farmex would be ageing animals between five otherwise be shot and hurled under the government's flock reduction scheme.

The sheep are worth less than A\$1 (40p) to farmers because the cost of transport-ing and slaughtering them in Australia exceeds the value of the processed meat.

The rural sector will gain around A\$100m a year from this for sheep which would otherwise have no value. But

that is not the end of the story because the Russians want all sorts of food, and we are also talking to producers of chick-ens and potatoes," Mr Ferg-uson said. Farmex hopes to

have three ships operating between Australia and Russia's Pacific coast next year, building up to 10 ships carrying 10m sheep a year. However, the deal faces strong opposition from trade union and animal

#### Citröen may build Iran plant By William Dawkins in

CTIROEN, part of Pengeot, the French carmaker, is negotiating with private and public Iranian investors to build a car plant in the west of the

Talks on financing what would be Citroen's second plant in Iran opened early this year, but no agreement has yet been reached on production levels, said Citroen officials. levels, said Chroen onicials, tranian newspapers have spec-ulated that annual output of 25,000 small cars is envisaged, but Citroën emphasised that no details have been settled. Citroën assembled its former Dyane cars and light vans in Iran for the decade shall the 1979 revolution, reaching out-1979 revolution, reaching output of up to 100,000 vehicles annually. Its joint venture, Saipa, with a private framian group, was then nationalised. Peugeot struck a co-operation accord three years ago with Iran Khodro, a local

with Iran Khodro, a local industrial group, which started to bear fruit last year when the Iranian partner began production of a local version of the old Pengeot 504.

I lveco Magirus AG, a German lorry-making unit of Flat SPA, said it received an order worth.

DM550m (£187m) to deliver 5,000 lorries to Iran. Reuter reports from Uim, Germany, It will include 3,000 finished vehicles and 2,000 kits.

# Nordic proposal for Baltics investment bank

By Robert Taylor in Stockholm

ndependent Baltic countries.

The new institution would mobilise

as provide technical assistance and training for Baltic nationals in the

principles and practices of investment banking.

This is the main proposal made by the Helsinki-based Nordic Investment

Bank in a survey of the financial

needs of the Baltic countries prepared for the five-nation Nordic Council. It is

60 per cent provided in the form of

guarantee capital. This would mean a total annual payment of \$6m to the

Baltic states, with about one fifth com-

AN INVESTMENT hank should he established with \$354m (£209m) worth of iultial capital payable over five years to assist the needs of the newly

However, they rose 8.8 per cent in July, giving some indication of a pick-up in the economy. Imports have climbed 7

products represent more than 40 per cent of the US market. producers to recapture some of the market, The newly independent Soviet republic of Tajikstan is to set-up a development agency in London to encourage economic and social ties with the rest of the

world, it was announced yesterday, writes Emma Tucker.

The Tajik Development Agency, the first of its kind, is a joint venture between the Tajik Joint Stock Commercial Banks of Social and Economic Development (Tajikbankhusiness), GS Invest International of Finland and EBO Amro Asset Management of London. It will be responsible for co-ordinating international projects including the amplitudes of Tajikbankhusinessi.

ing international projects, including the explaitation of Tajikstan's mineral resources, developing its banking and organising cultural exchanges.

Tajikstan, which borders China and Afghanistan, is rich in mineral and energy resources, including deposits of silver, gold, aluminium and precious stones. Its principal agricultural products are fruit and coal. It was declared a sovereign democratic state in August and was one of the first republics to start privatising state property.

The increasingly-popular

3.5-inch disk drive caused pro-

ducers to switch from making

5.25-inch drives and cootribute

would have its headquarters in one of the Nordic countries and not the Baltic

suggested that 40 per cent of the capi-tal for the new bank would be paid in over a five year period with the other The institution should he jointly owned hy the Nordic and Baltic countries, the report suggests. It indicates ing in the form of convertible currency.
It is proposed that the new bank Nordic-owned, with 20 per cent held by the Baltic states and the remaining 10

The world's largest producer is confident of a

per cent hy international financial institutions. The Baltic investment bank would be an umbrella organisa tion covering national financial bodies in Estonia, Lavia and Lithuania.

The survey believes that with the proposed \$354m worth of initial capital and the possibilities of borrowing from the international capital markets the

environmental schemes.

However, the report indicates that
the new bank would be in no position
to meet many of the economic investment needs of the Baltic states at least

bank would be able to fund between

100 and 300 small and medium-sized export-oriented privately owned pro-jects in the Baltic states as well as

rights groups.

in the short term. It calculates that the total investment needed to clean up the anvironment in the Baltic states amounts to some \$2bn.

A further \$85m will be required to improve the states' international telecommunications and \$50m for the roadway project which wil link up the Bal-

ties from north to south.
On top of this the survey suggests \$125m would be need to modernise the

fishing industry.
\*Investment Needs and Financing Mechanisms in the Baltic Countries; the Nordic Investment Bank, PO Box249 SF 00171 Helsinki, Finland Tel 359-0-18001

#### Life-form patent protest to EC

COALITION environmental and development groups called yesterday for the rejection of a controversial European Community proposal to patent new life forms,

agencies report. Biotechnology has enabled scientists to engineer genetically entirely new species of plant and animals. The creators of these transgenic life forms, as they are called, want to patent them. However, critics say no one should he allowed to own life.

The Patent Concern coalition consists of 29 organisations from Europe, including Gree-peace and the Catholic Fund for Overseas Development.

it said in a statement the proposed EC directive "raises serious concerns about ethics and may damage animal

Singapore can see light at end of disk drive tunnel Hopes are rising that the worst may be over in the computer industry recession, writes **Joyce Quek** 

HE mood in Singapore is confident. Worldwide recession in the computer industry may have dealt a hody hlow to the world's largest producer of disk drives, but Singapore's Economic Develop-

1992 will bring revival.

If manufacturers can hang
on through a slower second half, the board says, a turn-around is projected in the first quarter of 1992. There is a glimmer of hope, too, in the form of the world's smallest disk drive.

Two multinational corporations recently announced that they were shutting down their plants and shedding more than 400 staff. Rodime of Scotland is closing its only manufacturing

facility, which produces 3.5-inch drives, in the next six months. It laid off 224 workers last month and plans another 186 lay-offs, citing a drop in reveoue coupled with high investment costs. Parent company Rodime will continue as a technology licensing company.

After the suspension of its US operations, Prairie-Tek fol-lowed Rodime in closing Its plant producing 2.5-inch drives and laying off 200 workers. It had been in operation for just five months. Mr David Riegel, president and chief executive officer, blamed "changing product requirements in the currently volatile computer market place and a major new financing that failed to materi-alise".

As host to industry giants disk drives to meet market such as Seagate and Conner requirements." Peripherals, Singapore has 30,000 people producing more than half the world's Winchester disk drives, The S\$7hn

revival thanks to prospects for the 1.8-inch drive (£2.42hn) industry accounts for 7.5 per cent of domestic to the consequent over supply. exports. As the EDB noted: Singapore is not sheltered

It has also created pressure to switch from 5.25-inch drives to even smaller disks like the 2.5from the global restructuring and cyclical nature of the mass inch produced by Prairie-Tek.
The EDB added that "during this transitional period and the storage industry. All major disk drive companies are scalsecond half of 1991, these coming down their lower-end disk drive production and rapidly panies are expected to face declining gross margins and flat earnings". The second half's exports are projected to introducing the higher capac-ity and smaller form factor

fall by 6 per cent against the same period a year ago, and a 20 per cent leap in the first half. This translates into a 10-15 per cent growth for 1991 totalling S\$7.3ho, compared with the 48 per cent surge to S\$7.Ihn last year.

Quick to see an opportunity, integral Peripherals, a US man-ufacturer backed by Sumitomo and vecture capitalists Ham-hrecht & Quist and China Venture Management, announced that hy next April It will set up a S\$17m plant in Singapore to manufacture tha first 1.8-inch drive. This has good prospects as it is in a mutually exclusive field, catering for the increas-ingly popular and smaller

It is employing an initial 200

operations. If successful, Integral can reduce its start-up time hy two months, Meanwhile, US manufacturer Western Digital is introducing its first fully-automated drive manufacturing line and manufacturers have agreed to aid the astablishment of a Magnetic Technology Centre. While Singapore looks towards other industries to

the Rodime or Prairie-Tek

reduce its dependence on the volatile disk drive sector, it is none the less using the lessons learnt from the 1985 recession to ensure that, come 1992, it will still be standing proud.

#### Olympic takes up Airbus options

OLYMPIC Airways has converted two options for Airbus industrie's A300 600R airpeople, with plans for 2,000 staff by 1995 when its invest-ment will hit S\$140m, and has expressed interest in acquiring craft to firm orders, and taken out options for two more planes, Airbus said yesterday.

The Greek national airline will take delivery of the first aircraft in May 1992, to be powered powered by General Elec-tric CF6 80C2 engines, for use on routes within Europe and to the Middle East, Natrobi, and Johanneshurg, Olympic Airways already has eight Airbus A300B4s.

Airbus said this hrings to 452 the total number of orders for the Airhus A300 aircraft. including 204 for the A300-600, its latest version.

Airbus doesn't disclose the value of its orders, but the air-craft's list price is \$80m



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FINANCIAL TIMES CONFERENCES

# NANCIAL REPORTING IN THE UK

**LONDON** – 10 October, 1991

The Accounting Standards Board recently unveiled its agenda for reform and its plans to issue new edicts and proposals which will eventually lead to an overhaul of company balance sheets and profit and lass accounts. The reforms will affect not only companies, but investors, analysts. creditors and all athers who rely on published accounts. This Financial Times conference will provide a practical, independent forum to review drafts on the agenda for reform.

Chairman: Mr Paul Boyle

Chairman Financial Reporting Action Group Speakers taking part include:

Group Chief Executive Coats Viyella Plc Mr Nigel Stapleton

Mr Neville C Bain

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# Hopes of consumer-led upturn hit by sales

A SHARP fall in UK retail sales volumes last month, shown by statistics ont yesterday, depressed expectations about a consumer-led upturn in the economy later this year, aithough other government fig-ures indicated that a recovery in manufacturing may have

According to the Central Statistical Office, seasonally adjusted retail volumes fell in August by 1.4 per cent compared with July. The drop, which followed two consecutive monthly increases, was greater than many City ana-

on his husiness. The

steel shutters on the windows keep out both thieves and nat-ural light. But Mr Azam is

staying put. "What choice have we got?" he says. "You can't sell the shop - you can't give

Mr Azam has run his shop in

Scotswood for 10 years, living

nostairs with his family. He bought the property for £8,000, Before the riots he declined an

offer, which he thought too low, of £75,000 for the shop and

flat. "Now it's worth nothing."

Mr Azam was horn and

hrought np in Newcastle's West End. He is the son of a

ex-Gurkha from Kashmir who

ended up in Tyneside and

For 25 years Mr Azam, a father

of six, has worked seven days a week - his shop, run with his

NOTICE TO THE WARRANTHOLDERS OF

SHISEIDO COMPANY, LIMITED

BEARER WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF THE COMPANY (THE "SHARES") ISSUED WITH

U.S. \$120,000,000 3% PER CENT BONDS DUE 1991 U.S. \$200,000,000 4% PER CENT BONDS DUE 1992

ADJUSTMENT OF SUBSCRIPTION PRICES

Notice is hereby given that the Company has resolved at the meeting of the Board of Directors held on 9th September, 1991 to split the Shares (the "Stock Split") owned by the shareholders appearing on the register of sbarebolders of the Company as at 15 hours on 30th September, 1991 (Japan time) at the rate of one point one (1.1) Shares to one (1) Share beld by them; provided, however, that the fractions of a full Sbare occurring upon such Stock Split shall be sold as a whole and the proceeds of the sale shall be distributed to the shareholders entitled thereto in proportion to their fractional interests, and as a result of such Stock Split the Subscription Prices for the captioned two Warrants shall be adjusted as follows:

1. Bearer Warrants issued with U.S. \$120,000,000 3% per cent.

snan be adjusted as follows:

1. Bearer Warrants issued with U.S. \$120,000,000 3% per cent. Bonds due 1991
Subscription Price before adjustment: Yen 1,863.60 per Share Subscription Price after adjustment: Yen 1,694.20 per Share
2. Bearer Warrants issued with U.S. \$200,000,000 4% per cent. Boods due 1992
Subscription Price before adjustment:

Boods due 1992
Subscription Price before adjustment: Yen 1,593.60 per Share Subscription Price after adjustment: Yen 1,448.70 per Share 3. Effective date of the adjustment: 1st October, 1991 (Japan time) Under the amendment to the Commercial Code of Japan which took effect on 1st April, 1991, the term "Stock Split" means any kind of stock split in relation to the Shares and includes such free share distribution and such dividend in shares to the shareholders as are prescribed in the Instrumeots constituting the captioned two Warrants.

became a trader

it away.

lysts had expected Separately, the CSO said that the decline in manufacturing output, which began in April last year at about the

start of the recession, "appears to have haltedo. This assessment, coupled with a big drop in manufacturing output costs due to slackening wage demands, came after the CSO reported that fac-tory output in the three months to July was np 0.5 per cent compared with the previous three months. This was the first three-month on three-month increase since mid-1990.

The two pieces of economic data fit in with theories that the economy is likely to show a small expansion in the third quarter of 1991, indicating a technical end to the recession. However, on the latest eco-

nomic evidence, stronger factory output, partly fuelled by export demand, is likely to emerge as the main engine for growth, rather than increased consumer spending in shops. The Retail Consortium, a trade body for the sector, said it was "too early" to talk of a

consumer-led recovery and

that rising unemployment was

Survival behind a barricade of baked beans

dampening any slight rise in consumer confidence. It also cautioned against reading too much into the figures for August, which may have been affected by cut-price sales cam-

On a three-monthly basis, which gives a better idea of underlying trends, June-August sales were 0.2 per cent lower than those in March-May, However, figures for the earlier period were boosted by the rush to buy retail goods in March hefore a VAT increase. The Treasury, commenting on the figures, said those covering manufacturing were the more important. It was especially heartened by signs of a continued decline in unit wage costs, a factor that is likely to help manufacturers' expansion hopee over the next few

At the same time, the productivity fall which has affected the manufacturing sector over the past year as ontput has dropped, appears to have levelled off, thanks partly to job shedding and also to the apparent "bottoming" in the industry's rate of decline.

# BRITAIN IN British Gas



#### Fiat plans job cuts at Essex tractor unit

Fiat is planning to cut the workforce of Ford New Holworkforce of Ford New Hol-land, its UK agricultural machinery subsidiary, by almost a quarter in the face of the severe depression in the global tractor market. The company said that it was seeking to reduce the workforce of Ford New Hol-land's plant at Basildon.

land's plant at Basildon, Essex, by 650 from its present level of around 2,700. It is planning to make the cuts, which will will include 200 salaried staff and management and 450 hourly paid employ-ees, through a programme of voluntary redundancies and early retirement

The job cuts are a further blow to the automotive industry which has been hit hard by the recession with the loss of thousands of jobs in assembly, components and retail dealer networks. Meanwhile Aston Martin,

the UK luxury sports car maker, is cutting a further 50 jobs, reducing its workforce to 400, following the previous loss of 85 jobs in March. The latest cuts follow a fall in US and Japanese demand.

#### **Anglo-French** cut 220 jobs

GEC Alsthom, Anglo-French power engineering group, is to cut 220 jobs in its electro-mechanical division at Trafford Park, Manchester, northern England.

The company, jointly owned hy GEC of the UK and Alcatel Alsthom of France, blamed fall-ing spares and service orders. it warned in a letter to employ-ees that further reductions could come if there was no improvement in demand. GEC Alsthom employs more than 2,500 people at Trafford Park, of which 850 are in the electromechanical division.

# cuts prices

British Gas ent prices for power station customers yes-terday after a six-month row about the cost of supplies. It did not rule out further conflict with consumers and the regulator.

The company could clash soon with its power customers as it has set a ceiling of 1bn therms of gas a year for power generation, which is well below demand projections of some 5bn therms. It is the first time British Gas limited supply to this market. British Gas was forced by the regulator, the Office of Gas Supply (Ofgas), to cut prices for these consumers from between 23p and 22p a therm to between 19.6p and 20.3p a therm after the furore surrounding its 35 per cent price rise in March.

#### Gunmen kill councillor

Loyalist gunmen murdered a Sinn Fein councillor in Northern Ireland just hours after the Irish Republican Army warned it would avenge the killings of Catholics.



Mr Bernard O'Hagan was shot dead in front of students as he dead in front of statements are earrived for work at Maghera-felt College of Further Educa-tion in County Londonderry. A member of Magherafelt district council, Mr O'Hagan's killing was the latest in a series of murder bids on Sinn Fein, the political wing of the IRA.

#### Recovery seen in Scotland

The Scottish engineering industry believes the recession has bottomed out and a slow recovery is underway. A sur-vey hy Scottish Engineering. an employers organisation, found that a small minority of companies were now pessimis-

tic about their prospects. The quarterly survey showed that 26 per cent of companies were optimistic with 22 per cent were pessimistic, with the views of 52 per cent were unchanged. Some 29 per cent of companies had improved fireir order books in three months. Thirty per cent had unchanged order books, 41 per cent said orders had declined.

#### Satellite deal for Glasgow

Up to 170,000 homes in Glas-gow will soon be able to receive satellite television without having to install their own satellite dishes, under a deal agreed between the dis-trict council and the US company Millisat.

Under the £17m three year deal, Millisat will Install communal satellite dishes on tower blocks and other complexes of flats and houses, and pass on the satellite eignal via new cable systems.

#### Penal reform to be widespread

Improvements in prison life allied to tighter security were announced by Mr Kenneth Baker, home secretary, in the most widespread penal reform programme of recent times. The government has

The government has accepted most of the recommendations of Lord Justice Woolf's inquiry into last year's spate of serious prison disturbances including the riot at Strangeways, Manchester, the worst-ever in a British jail.

Some of the government's proposals to make prison life more humane and constructive vill take years to implement.

#### Court hearing for Ramsden

Mr Terry Ramsden, warrants trader and former chairman of Walsali football club, appeared in court in California last Fri-day following an investigation into Glen International, hispersonal investment vehicle, by City of London police and the Serious Fraud Office.

The case was adjourned until October 25 and there was no application for hail. UK authorities are expected to make a request for Mr Rams-den's extradition shortly. The SFO began its investigation after Glen International col-lapsed in 1988 with accumulated losses of over £140m.

#### Chris Tighe meets shopkeepers on the front line of last week's urban riots in Newcastle cans of haked heans, encased in stiff plastic. is wedged against the door leading from the street to the flat above general dealer Mr Mohammed Azam's shop. Next door, on one side, is the Armstrong Road Post Office, petrol-hombed in last week's riots and now gutted and boarded up. On the other eide is the Bobby Shaftoe pub, the pave-ment outside it a gathering point for stone-throwing mobs during the nights of disorder in the Scotswood area of Newcasthe upon Tyne. Sandwiched in the middle, behind his barricade of baked beans, Mr Azam is trying to

Shutters down: Mohammed Azam's shop sits between a burnt-out Post Office and a pub outside which rioters gathered

wife's help, opens even on Christmas Day. Aged 42, he could pass for 60. Mr Azam knew real trouble was imminent last Thursday tive's home.

when he saw placards in his street announcing: "Scotchsy Riots Spm". He received three anonymous telephone calls from people doing him a favour by warning him that his shop

as a target. He removed all his husiness documents from the flat, visrang his insurance company in Bristol to confirm that his pol-icy was in order and took the family's few heirlooms and his youngest children to a rela-

He expected no help from the police, Instead, some local people came to sit out the night with him in case the property had to be defended.

Mr. Azam is not alone among Mr Azam is not alone among traders in the area in concluding that the police are of little

help. A younger shopkeeper,

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ENERGY

MONTHLY

who has been in Scotswood for more than a decade, says it is a waste of time involving them, and it wins no iriends locally. "At first, when we moved here, we sorted out the trouble our-selves, but we don't really like any trouble, so we get other people to sort it out." And how do they sort it out? A sideways look over the counter. "You

know the score."
Meanwhile Mr Azam, fervently hoping the disorder was over, was yesterday stocking

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ity developments that are affecting.

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up from a cash-and-carry.
"My father told me: God gav you hands and legs. You don't live off the state, that's only for disabled people,"

Many of his customers do not see it that way. Nor do his own two sons, Aged 24 and 21, they have never been in trouhle, but neither has ever had a job. "They aren't hothered," says their bewildered father. Says Mrs Azam: "Maybe the kids get it too easy."



FINANCIAL TIMES CONFERENCES

# THE CHALLENGE

# OF THE NEW EUROPE

LONDON - 7 October, 1991

his one-day meeting, to be arranged by the Financial Times and the Council of Foreign Chambers of Commerce in the UK. offers an exceptional opportunity to gain insight into the thinking of leading industry figures from Europe, the US and Japan on the new Europe which is opening up. The new business opportunities and risks will be assessed, as well as the challenges for management as Europe undergoes further shifts in industry structure and patterns of competition.

Speakers include:

Dr Carl H Hahn Volkswagen AG

Mr Anders Scharp AB Electrolux

Sir Allen Sheppard Grand Metropolitan plc

M. Francis Lorentz

Groupe Bull

Mr Koichiro Eiiri Mitsui & Co, Ltd

Dr Belmiro de Azevedo Sonae Investimentos, SGPS, SA

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#### THE CHALLENGE OF THE **NEW EUROPE**

A FINANCIAL TIMES INTERNATIONAL CONFERENCE

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Dated: 17th September, 1991

SHISEIDO COMPANY, LIMITED

5-5, Ginza 8-chome, Chno-ku, Tokyo, Japan



#### **European Investment Bank**

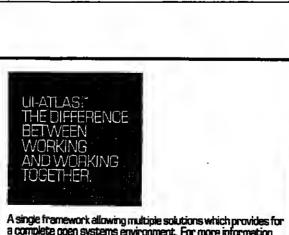
FRF 500,000,000 111/4% Bonds due 1985/1992

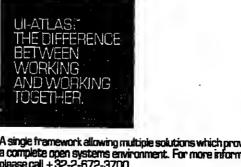
In accordance with paragraph Amortissement anticipé of the Terms and Conditions of the Bonds, notice is hereby given to Bondholders that the European Investment Bank will prepay on October 18, 1991 the total amount remaining outstanding (i.e. FRF 500,000,000) of the above-mentioned Bonds at 100 ½ % of their principal amount.

Payment of Interest and premium due on October 18, 1991 and reimbursement of principal will be made in accordance with the Terme and Conditions of the Bonds. Interest will cease to accrue on the Bonds as from October 18, 1991.

Luxembourg, September 17, 1991

European Investment Bank





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# Kinnock under pressure over party leadership

MR NEIL KINNOCK, the Labour leader, yesterday dis-missed suggestions that he was a liebility to his party and should stand down from the leadership, as he repeated his call for an election by early

He said questioos about whether he should resign were "sbsurd" and he shrugged off two weekend polls giving the Conservatives a lead of up to five percentage points, saving:
"We'd like to be ahead but we are still in a strong position.

Following the reports that some cabinet ministers tavoured keeping open the option of an early election, given the positive trend towards the Tory party in recent surveys, Mr Kinnock said thet "constant speculation, fuelled by the prime minister's dithering, is having not only a political effect but an economic effect."

Downing Street once again moved to play down the pros-pects of an election in November, saying that Mr John Major "sees no reason to burry".

Mr Peter Lilley, trade and industry secretary, came out strongly against a November electioo. He said that, while business confidence had turned up sharply during the summer, the government would do better to wait for treods to

"I have always been a spring man, or even a summer man. I see no reason to change," he

Mr Lilley is believed to be among ministers who also think the outcome of an ectumn election is et present ernmeot to risk.

With economic indicators moving the right way, waiting could only improve chances. Downing Street made it clear

that while the prime minister would obviously review the circumstances, he had "a great deal of work to do" in the coming months, particularly in preparation for the European Summit in December at Maastricht. A further round of meetings with other European leaders begins tomorrow when Mr Major will meet Mr Ruud Lubbers, the Dutch prime minister, in The Hague,

 Political parties would be compelled to disclose the size and source of all individual donations received from for-eigners under legislation to be introduced by a Labour gov-ernment, Mr Frank Dobson, energy spokesman, said yesterday. In e new round of pre-election skirmishing he challenged the Conservatives to explain reports that a Greek shipping tycooo had made a secret £2m donation to the party's coffers.

# Labour prepares to rise to the big occasion

Ivo Dawnay on Neil Kinnock's efforts to regain the political initiative lost over the summer months

RISIS? What crisis? The studied calm emanating from the Labour Party'a headquarters yesterday belied any suggestion that the opposition either is, or should be, in a tailspin over the governing Tories' weekend return to an opinion poll fead.

Amhushed by reporters Mr Neil Kinnock, the party leader, eschewed justifiable irritation and dismissed yet more dispiriting questioning of his leader-ship with e jocular guffaw. Immodestly liating his achievements, he added: "I

have been and am a very good captain of the team and you don't drop winning captains."
Indeed, this time et least, the "official" mood eppeared to reflect more or less faithfully a broad swathe of opinion throughout the parliamentary Labour party, buoyed, perhaps, by the symbolism of the late summer's collapse into grey skies and sudden downpours. Ontsiders daring to suggest that improving economic indi-cators and two polls showing a Conservetive five or four point leads might just be e cause for concern were brushed aside as fainthearts or naive.

As Labour's "shadow cabinet" meets today, the message will again be repeated like a mantra: the Tory revival is a short-term phenomenon. The release of Mr John MacCarthy, the failed Soviet coup, Kennebunkport and Beijing were happy chances for Mr Major, bolstered by his good luck in being this year's chairman of the Group of Seven industrial

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The leader of the opposition says he will not quit desplte poor opinion poll ratings of his potential voter appeal

When the voters return to their mortgages, tatty public services, and mounting unemproyment we are told, the oppo-sition will regain its natural lead just as it did after the Gulf

Yet, when all this is said, the more thoughtful Labour analysts concede that this is no time for complacency and there is some evidence that there has been some complacency about. The mnch-dis-

cussed concept of the permanent election campaign throughout the holiday months failed to materialise. The absence abroad of Mr Kinnock during the Soviet crisis was understandable but unfortu-

The main business of the meeting, however, will be to concentrate on the annual conference at the end of the month and the weeks that follow it. Aware that the Tories will be trumpeting an economic recovery, Labour's aims at subvertvoter optimism. In e speech yesterday, Mr

John Smith, the shadow chan-cellor, enthusiastically set about the task by defining the end to the recession as the moment that unemployment hegins to fall and growth returns to an annual rate of 2.5 per cent - criteria safely far from the reach of this parlia-

Whereas the Tories will

upturn, yet again sowing the seeds for a new boom-and-bust cycle, Labour's more npheat conference prescription will promise e Kinnock government

ment-led turnabout The message we have go to get over is that Britain needs to do better than recover," one backroom strategist insisted Under pressure from the shedow spending ministers, the conference will also tackle

actively engaged in building the conditions for an invest-

the charge of fighting e negative campaign by underlining rye campaign by industring programmes on Labour's traditional "winning" sectors of health and education.

But is all this enough? A straw poll of Labour MPs both

back and front bench at the weekend suggested that, after the years of party and policy reforms, few believe much

more can be done. If, as now seems likely, the Tories choose to fight the elec-tion on the two issues of ecoative charms of Mr. Major against those of Mr Kinnock, then so be it. Yet just e few quiet Labour

voices are alarmed that the party's hopes of government are now dependent on the skills of the communications chiefs and economic indicators beyond any politician's control. Something, even if it only is a change of tone from shrill jeering et the government to one couched "more in sorrow than

couched "more in sortow than in anger" is needed, they say.

Others talk more boldly of a grand policy gesture — e commitment to some sort of action on constitutional issues — as proposed this week by the left-of-centre think tank, the institute for Puhlic Policy Research.

Nesserch.
Nobody is talking of crises:
but then nor did Sir James
(then Mr Jim) Callaghan when
the complacent quotation was
wrongly attributed to him during the 1978/79 "winter of discontent." The sotto book question, both then and now, is: should there be?

ANGLO AMERICAN CORPORATION
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ANGLO AMERICAN INDUSTRIAL **CORPORATION LIMITED** 

HIGHVEL ("Highveld")

SAMANCOR LIMITED

(All companies incorporated in the Republic of South Africa) (collectively referred to as "the consortium")

# JOINT ANNOUNCEMENT

- 1. The consortium announces that following negotiations between representatives of the consortium and representatives of Barlow Rand Limited, Rand Mines Limited and Vansa Vanadium S.A. Limited (collectively referred to as "the Barlow Rand Group") the parties have agreed in principle that, subject to the fulfilment ol certain conditions precedent, fhey will enter into a tormal agreement tor the acquisition by the consortium of:
- 1.1 the terro-alloy and stainless steel businesses of and/or the entire issued share capital of Middelburg Steel & Alloys (Proprietary) Limited ("MS&A"); end
- 1.2 the chrome mineral rights owned by the Barlow Rand Group and the chromite interests and/or the entire issued share capitala of Henry Gould (Proprietary) Limited and Winterveld Chrome Mines Limited ("the chromite interests"):
- lor a consideration of approximately R1,075 million (one thousand and seventy five million rand).
- 2. The actual structure of the tormal agreement and tha consideration payable in terms thereof will be determined once full details have been made available to the consortium ol MS&A's tinancial position end the chromite interests, including a breakdown of MS&A's essets and liabilities into its stainless steel interests and its lerro- alloy and chromite interests. This announcement can eccordingly deal only in broad terma with the proposed transaction and its effect on members of the consortium.
- 3. It is proposed that the formel agreement will embody a series of interreleted trensactions. Once the aforementioned information bacomes available, and subject to the fulfilment of the conditions precedent, the series of transactions will be structured including the lormulation of the consideration which will be payable in respect of each such transaction. In this regard it is confemplated that the consideration will be met through a combination of a peyment in cash by Samancor and issues ot aheres by Highveld end Samancor, the shares so issued to be taken up by AAC, AMIC. De Beers and Genmin, further details of which are sef out below. The full consideration payable to the Barlow Rand Group will

- thus effectively be settled in cash, which cash will effectively have been provided ee to 50% by AAC and De Beers and 50% by Genmin end
- 4. At this stage it is contemplated that the effects of the series of transactions to be embodied in the proposed formal agreement will in broad terms be as follows:
- 4.1 the eteinless steel intereste of MS&A will be acquired by the Columbus Joint Venture (a partnership between Highveld end Samancor) for approximately R500 million (five hundred million rand). It is intended that the stainless steel interests so acquired will form the basis for the development of the Columbus project which aims to establish a cost competitiva, state of the ert stainless steel tacility. A detailed reassessment of the project ia underway to optimise the synergies and economias that will be brought about by this acquisition. The capital cost of the Columbus project is expected to be somewhat lower than previously contemplated, while further benefits will flow from MS&A'a expertise In the production and merketing of stainless steel:
- and the chromite interests will ba acquired by Samancor for epproximately R575 million (five hundred and seventy five million rand). Samancor is already the world's biggest ferrochrome producer with a capacity of 640,000 tona per annum, end this acquisition will expand that capacity by 300,000 tone per annum of conventional capacity end potentially by e further 120,000 tons per annum via the chrome direct reduction ("CDR") furnece. Samancor's production of chrome ore will be increased by 1.6 million tons per annum to 3.6 million tons per annum and the company will add substantially to its chrome ore

4.2 the ferro-alloy operations of MS&A

- 4.3 following from the above:
  - 4.3.1 the outcome of the proposed transactions on Highveld is thef if will ecquire a 50% ahare of the stainless steel interests of MS&A settled, In

- effect, by the issue of epproximetely 16 million new shares et 1,565 cents per share, the market price ruling et the close of business on 13 September 1991 on the baeis thet AAC, AMIC end De Beere will, fhrough e series of transactions, acquire these new Highveld shares in proportions yet to be agreed;
- 4.3.2 the outcome of the proposed transactions on Samancor is that it will acquire a 50% shere of the stainless steel intereste of MS&A for approximately R250 million (two hundred and fifty million rand) to be funded from its cash resources, while it will, through e series of trenaectiona, ecquire the ferro-alloy operatione of MS&A and the chromife interests to be settled, in effect, by the leeue of approximetely 22 million new shares at 2,775 cents per share, the market price ruling et the close of business on 13 September 1991. These new shares will be taken up as to 50% by AAC end De Beere in proportion to their current inferests in Samancor end
- 5. The ecquieition of MS&A and the chromite interests by the consortium will not disturb current employment contracts or collective agreements with trede uniona. Any changes thet mey occur in future will be effected with due regard to all legal obligations.

50% by Genmin.

- 6. As set out above the aforegoing ia subject to certain conditions precedent, including the provision of the Information referred to above, the conclusion of a formal agreement and the epprovel of the eppropriate statutory and regulatory authorities.
- 7. Shareholders of all the companies are accordingly advised to exercise caution in deeling with their eheres. An announcement giving further details will be made in due course.

Johannesburg 16 September 1991

#### PACIFIC DUNLOP LIMITED

NOTICE TO HOLDERS OF THE OUTSTANDING U.S.\$75,000,000 6 3/4% SUBORDINATED CONVERTIBLE BONDS DUE 1997 (THE "BONDS")

On 16 September 1991 Pacific Dunlop Limited (the "Company") announced to the Australian Stock Exchange Limited a rights issue on a one for five basis of approximately 156.4 million fully paid ordinary shares of 50 cents each at a price of A\$4.30 per share to ordinary shareholders of the Company. In accordance with the provisions of the First Supplemental Trust Deed dated 2 July 1987 constituting the Bonds that offer is extended to each of the holders of the Bonds (the "Bondholders") on the basis of one new share for every five ordinary shares which would have been allotted to him had he converted his Bond(s) immediately prior to the

offer being made to the Company's ordinary shareholders. The current conversion rate is 266.75 ordinary shares per U.S.\$1,000 principal amount of Bonds. The rights issue is renounceable in relation to ordinary shareholders, Employee Plan shareholders and Executive Plan shareholders and non-renounceable in relation to Bondholders. Fractional entitlements will be

rounded up to the next whole share. The purpose of the rights issue is to maintain the Company's gearing and restore cash reserves following the successful acquisition of Petersville Sleigh Limited. The total net proceeds from the Issue, estimated to be approximately A\$672.5 million, will be used for general corporate purposes and working capital. Initially, all or a portion of such proceeds may be invested in interest bearing deposits or securities or used to reduce

In respect of the year ended 30 June 1991, the Company will pay a total dividend of 21 cents per share fully franked. New shares issued pursuant to the rights issue will not participate in this dividend of 21 cents per share, but will rank for all subsequent ordinary dividends. In all other respects the new shares will rank pari

passu with existing ordinary shares. In the absence of unforeseen circumstances, the Company expects at least to maintain the same rate of dividend per share in respect of the year ending 30 June 1992 on the increased capital resulting from the

rights issue. Since the introduction of the dividend imputation system in July 1987, the Company has paid fully franked dividends. Over the past four years, however, the proportion of the Company's profit contribution by overseas operations has increased. Taxes paid overseas on these profits do not give rise to franking credits. The Company's dividend payout ratio has also increased over this period, especially in the financial year just completed. These factors make it likely that in the foreseeable future the Company will be paying dividends

which are less than fully franked. As a consequence of the slow economic recovery expected in Australia, the expansion of capital pursuant to the rights issue, and the minimal franking capacity likely to be contributed by Petersville Sleigh Limited due to the recovery of prior year tax losses, the Company's franking capacity generated in the current financial year Is expected to be ahnormally low. At this stage it Is anticipated, subject to unforeseen circumstances, that the dividends to be paid in respect of the year ending 30 June 1992, will be franked in the order of 55 per cent. Based on the current tax faws and the existing mix of the Company's operations hetween Australia and overseas and harring unforeseen developments, the Company's franking capacity is expected to improve

progressively thereafter. In order to maximise the extent to which dividends can be franked, the 1991-92 interim dividend, which normally would have been paid in May 1992, will be deferred until July 1992. This new timing of the interim dividend, which is expected to be maintained in future, wiff bring the payment of dividends in respect of each financial year into the same time period as the Group's Australian tax payments, which are the principal source of franking credits.

Potter Warburg Capital Markets Limited and E.L. & C. Bailleu Limited are underwriters to the issue for a joint fee of 1.1 per cent. of the amount underwritten and a management fee of 0.1 per cent. of the amount

Any rights not taken up by the closing date for receipt of acceptances will revert to the underwriters.

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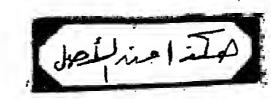
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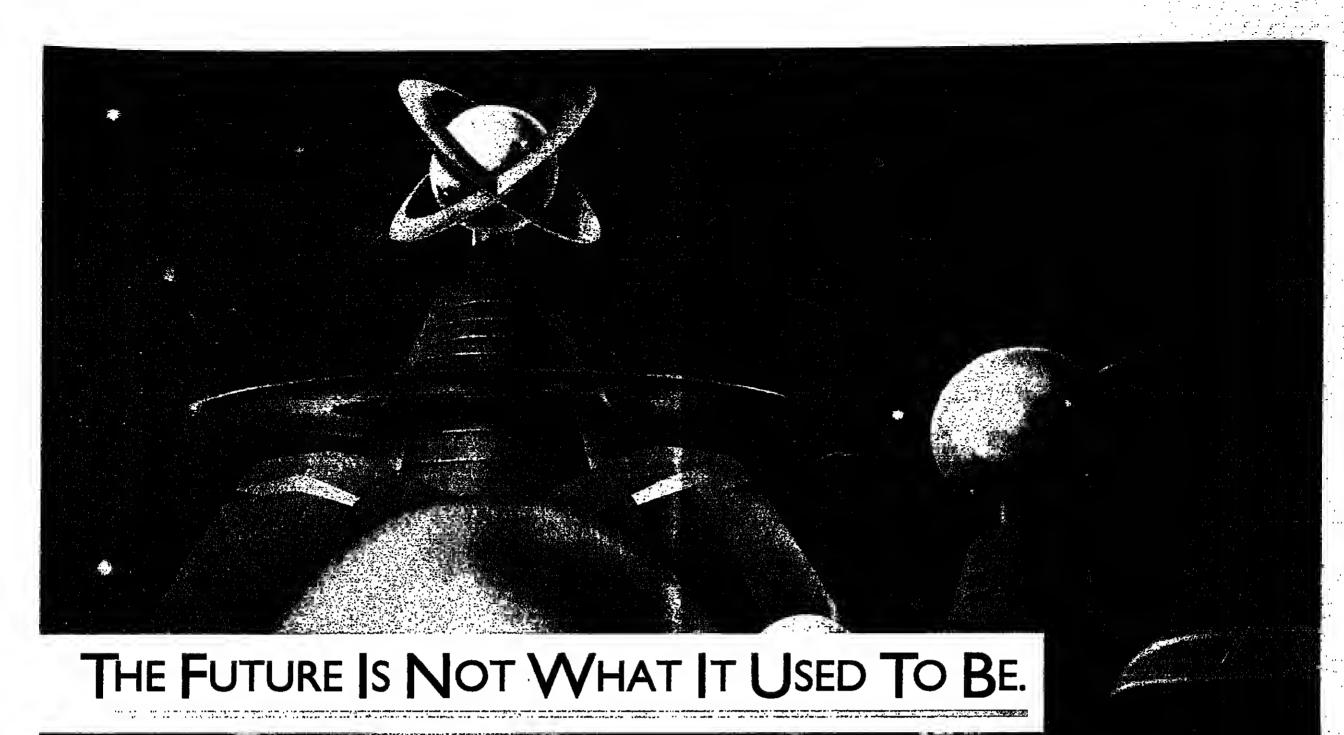
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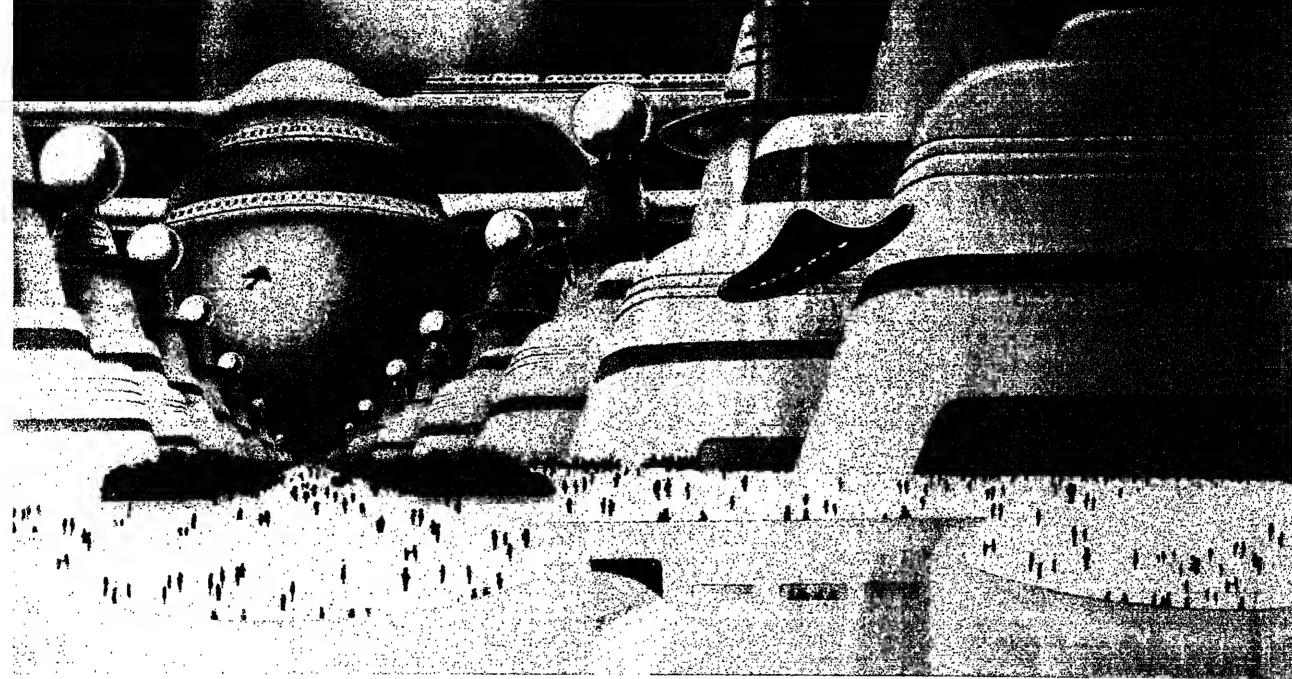


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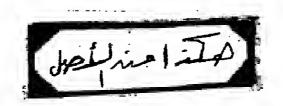
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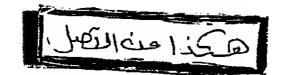
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#### **MANAGEMENT:** The Growing Business

# they weighed up their options for strengthening the finances of their fast-growing business earlier this year they realised there were limits on their choice of action.

The banks were growing increasingly concerned at their exposure to the small firms sector and were calling in loans rather than increasing facilities. At the same time. IFM, a two-year-old company which buys and sells mainly second-hand food processing equipment, was already fairly highly geared.

If we had been able to get a bank loan we would have gone

for it:" says Rashmi Chauhan, finance director. "It is better than giving up equity. But we ware in the period leading up to banks announcing their results (which showed many making large provisions to cover losses on small business losss). We also felt that the amount we wanted was proba-bly too much for a bank any-

John Holroyd, founder and managing director of IFM, and his fellow directors solved their financing dilemma by agreeing to issue £1.25m worth of ordinary and preference shares to County NatWest Ventures, the venture capital arm of National Westminster Bank. These shares gava County Nat-West a stake of around 20 per cent in the Bath-based husi-ness, which expects pre-tax profits to rise from £800,000 to more than £1m on turnover up from from £4.1m to £5m this

IFM is just one of a growing number of unlisted companies which is now prepared to consider issuing equity to outside investors instead of simply increasing borrowings. This development mirrors the recant trend among quoted stock market companies to atrengthen their finances by means of rights issues.

Three main factors have contributed to this change in the unquoted company sector:

Bank attitudes have hardened in response to the losses which they have suffered on their small business customers. "The banks are putting on the pressure," says Richard Hargreaves, managing director of Baronsmead, a venture capof baronanead, a venture cap-ltal company. "The banks have stopped providing what is in effect equity at overdraft rates of interest," says Philip Langs-

# ike most owners of private businesses, the directors of International Food Machinery lean to dilute their holding by selfing off shares. But when they weighed up their options for strength on their options for strength of the strength of fields to find finance

Charles Batchelor reports on an alternative to the bank manager



Rashmi Chauhan (left) and John Holroyd: looking to venture capital to strengthen Inc

ton, assistant director in County NatWest Ventures' Bristol office.

The length of the recession coupled with signs it is now

coming to an end. "The harshness of the recession has forced companies to consider strengthening their capital base," says Trevor Jones, managing director of Gresham Trust, a venture capital com-pany. "During the recession, sses were just trying to stay afloat, now that it is easing they have the opportunity to think strategically," says Hargreaves.

A slight but perceptible

change in the attitude of small business owners to the idea of retaining complete control of their companies. Grahame Parish, managing director of Tiger Books, a distributor of remain-dered books, raised £1m from Baronsmead after weighing up whether to stay small or go for growth. Expansion of the busi-ness was initially financed by Parish's own funds and bank borrowings and later by factor-ing his invoices. "Equity was the third stage of growth," he says. Sales have since doubled to a projected £6m this year while profits have risen three-

"Private companies are more willing to consider issuing equity," says Paul Brooks, managing director of Prudential Venture Managers. There are a lot of deals in the pipe-

"We are seeing quite well run private companies which have decided to give up a bit of equity to fatten their capital base, comments Jones. The willingness to consider

issuing equity increases if a company is considering a pnblic listing. A.F. Budge, a large hut still privately owned civil engineering and mining company, raised £20m of equity from Prudential Venture Managers and Charterhouse Development Capital last January to finance growth and strengthen. its balance sheet. Budge, with annual sales of just over £250m is looking for a future flota-tion, says Mike Connolly, finance director, By signing up equity investora, a private company gets access to finan-cial expertise and a gentle introduction to the art of dealing with outside shareholders.

Jones says the quality of company seeking to raise equity has improved but other company. The structure of the deal. While the selling point of the venture capital industry is its venture capitalists are not convinced. Peter Shortt investment manager at GLE Develop-ment Capital says a lot of businesses are looking at venability to provide equity, much of the finance provided does not take the form of ordinary shares. Loan notes and redeemture capital to raise finance

able preference shares form a large part of most funding packages.

The attraction to the venture capitalist of these two forms of

finance is that they provide a regular return in the form of interest payments on the loan notes and dividends on the preference shares. At the same time they allow the venture capitalist to reduce his exposure to the company as the loan is repaid or the prefs are

Many people regard loan notes as quasi-equity because they represent for the lender a risk approaching that of true equity. Loan notes are usually unsecured and rank for payment after secured "senior debt. An important advantage of loan notes to the borrower is that interest payments may be set against tax. But the bank manager will not treat them as equity for the purpose of calculating how much he is pre-pared to lend against assets. Preference shares, in con-trast, do count towards a busi-

ss's equity base though dividend payments cannot be set against tax. Prefs will usually be in redeemable form: that is, repayable by the borrower over

n period of years.

Equity investors want to invest as much as possible in redeemable form so that they are not locked into company for too long, saya Andrew Cur-tis of Baronsmead. If the inves-tor has n aizeable ordinary share investment in a company and there are problems in arranging a sale or flotation he may find himself trapped in an

unattractive investment.

Redeemable prefs are popular because they offer a compromise between the needs of both investor and the investee company. The company has the benefit of equity which can in turn be used to increase bank borrowings, while the investor has flexibility.

 Planning the next stage. Most venture capitalists want to know when they will get their money back. The direc-tors of the company raising money must make sure they know what the venture capitalists expect of them and plan to find a replacement investor, to be sold or floated on the stock market.

There will be a few sharp intakes of breath at board meetings in the future when the directors discover the venture capitalist wants to get out," warns Shortt. Companies which raise equity in the present harsb economic climate must be careful they do not limit their options when the better times come.

# Suppliers lose patience

Charles Batchelor reports that small firms in the medical sector claim they are being undercut by the NHS

mall businesses supply-Sing medical and surgical equipment to private nursing homes and hospitals claim they are being out out of business by National Health regional supply centres which are undercriting them on

The small firms say that the only way that the NHS organi-sations selling to the private market can charge lower prices is because they do not fully take account of their costs. NHS officials assert that all costs are properly allocated though they did issue new guidelines last March follow-ing a series of complaints.

The NHS Procurement Directorate said that the complaints were coming from suppliera who had previously made large profits in niche markets where they were now facing tongher competition from a more efficient supplier.

"We are losing markets to
the haalth anthorities," said

Nigel Lockett, managing direc-tor of Hygeia Care, n Skipton, Yorkshire based supplier of dressings and incontinence products with sales of £1.1m. "We cannot compete on price hecause the NHS suppliers don't account for their true costs yet it is my taxes which they are using to get estab-lished."

"The area health anthorities are selling certain products at prices we cannot even hny at," said Peter Boultby, managing director of Industricare, a Shepshed, Leicestershire company with £1m sales and 13 employees. "It is unfair competition and it could put us out

The case for the smaller wholesalers has been taken up hy the British Surgical Trades Association, representing nearly 200 companies. The association said the National Audit Office, which is due to start a pilot stady of income generation activities in the NHS, had agreed to take its concerns into consideration.

An attempt by the small wholesalers to interest the Office of Fair Trading in Its claima was nusuccessful though the OFT appeared willing to accept there might be a problem over costs. "What you seem to have in mind is rather a case of inefficient allocation of costs," the OFT wrote in Angust. "In the absence of

antl-competitive evidence these should prove to be a temporary problem as the organisation develops procedures appropriate to its new role."

The problem of NHS competition for suppliers of medical and also food products arose

following the passing of the Health and Medicines Act in 1988, which allows health anthorities to sell goods and services at a profit to customers ontside the NHS. Complaints from some sup-

pliers of medical equipment and grocery items that the NHS was selling on products and undercutting the original manufacturer prompted the new guidelines last March.

he suppliers grievances appear to have heen resolved hnt problems now centre on the small wholesalers of medical snpplies.Selling outside the NHS needs to be conducted on an explicit basis of fair competition and of avolding undne damage to the interests and core business of the NHS or to NHS relationships with suppli-ers and the wider market place which the NHS has to operate." the guidelines state.

Records of private sale activity is to be maintained in the form of what are known as memorandnm trading accounts. These will be in a standard form which detail total value of sales, direct and indirect costs and gross and net profit. This will ensure that sales to non-NHS organisations involve no subsidy and are being conducted in accordance with these guidelines. For re-selling activities these accounts will be monitored once a year hy the procurement directorate." Small medical wholesalers are concerned. however, that these memorandum trading accounts will not be made public. The accounts of one NRS supplier, set up as an independent company and hence required to file accounts at Companies' House, are not reassuring, the wholesalers

maintain. The accounts of S&F (Southport), part of the Southport and Formby Health Anthority, showed that the company had sales of £317,773 in the year ended March 1990 and made a loss of £91. Lockett says there are several details of the accounts which concern him.

The accounts show that the company paid out £36,500 in management charges but although it had six directors, It paid no directors' remunera-tion. It also paid just £9 in bank charges in the year.

Douglas Murray, managing director of S&F (Southport) said: "Everything is totally costed in the company and we have accountants and anditors. We operate on hospital premises for which we pay rents and rates while we also have a separate phone. The department of health came to us 18 months ago. They went through us to see we were doing it correctly and at the end of the day they wished us all the best."

Turning to the specific issues raised by Lockett, Mur-ray said the lack of payment directors was becau don't pay directors' remunera-tion". Murray said that he did not know why the bank charge was so low. "I suspect that when we ruled off the end of the year the charges might not have come in." T. Luxton, the NHS official

who acts as a contact point for NHS snpplies organisations with queries about the guide-lines, said they had been drawn np after discussions with other wholesalers and trade associations. "This is intended as a mar-

ginal activity and all the indications are that that is what It is. You have a small number of vociferons wholesalers who have always conducted themselves in small niche markets. They have a comfortable little niche in, for example, nursing homes. They now find they have a more efficient wholesaler coming in and they cannot compete. The NHS is tak-

ing all costs into account."
One NHS region had calculated that its total on-cost to make sales was 10 to 11 per cent compared with some other wholesalers who based their prices on costings of 45 per cent, Luxton noted.

"We are not saying that the NHS will wipe out other wholesalers but there are some at the margin who will suffer when a new wholesaler comes in. With the recession, private nursing bomes and to cut their costs. The regional supply centres are run on a pretty efficient, 24-hour basis."

#### **BUSINESS OPPORTUNITIES**

but not many deals are being

completed. "It goes against the

grain for venture capitalists

simply to replace bank deht

with equity."

The need to involve the bank

closely in the negotiations to inject equity is just one of the areaa which the company's directors, as well as the ven-

ture capitalist, need to keep in

mind. It is not unknown for a bank manager to withdraw

loan facilities when he see

that a company has raised

finance from other sources.

Other points which need

The timing of negotiations.
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ing equity finance until it is

too late. It should not take

mnch longer to negotiate an equity package than it does to raise a large slab of additional

bank finance, says Brooks, hut

a company only weakens Its

negotiating position by waiting

until its finances are under

sale" the venture capitalist will

be able to put pressure on the

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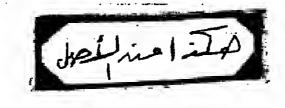
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#### **TECHNOLOGY**



In the fifth article of a series looking at public spending on research and development throughout the world, **Kevin Brown** examines how the Australian

Brown examines how the Australian government is aiming to revitalise the country's scientific endeavour

early 30 years ago,
Donald Horne, the
Australian social
critic, observed in a
famous book that Australia
was "a lucky country run
mainly by second-rate people
who share its luck".

Horne's hook, The Lucky Country, was meant as a warning that Australian wealth would not last without fundamental changes in the Australian way of life. It was bugely influential, but not in the way he intended. Rarely read hut widely quoted, its title came to encapsulate the view that Australians would always enjoy a high standard of living, regardless of events.

less of events.

History has proved Horne correct. Once the world's richest country in terms of per capita GDP, Australia has now slipped to 17th among the 24 nations of the Organisation for Economic Co-operation and

It was this relative economic decline which led Bob Hawke's federal Labor government to sweep away many of the regulatory and protectionist devices which had insulated Australia from the world since the continent's six former Britisb colonies achieved nationhood in 1901. As part of that programme of structural change, the Hawke government has now turned its attention to the scientific and educational framework which

underlies the prosperity of

The prime minister's "Clever Country" initiative, launched during the 1990 federal election campaign and fleshed out in a statement earlier this year, is intended to revitalise scientific endeavour, and to boost Australia's flagging research and development effort.

"To achieve change, we must mobilise our most valuable resource: the talents of the Australian people," Hawke told Parliament. "This does not necessarily mean working harder, in Germany and Japan, both highly successful competitive countries, working hours are actually falling. But it does mean working smarter—working more effectively, using new materials, new production technologies and new management tools. it means helng, like Germany and Japan, a clever country."

Japan, a clever country."
Few have argued with Hawke's central case, that Australia must develop more and better skills if it is to compete in world markets. But there is plenty of scepticism about the ability of the Clever Country programme to achieve that goal. Barry Jooes, a former Lahor science minister, says there is a "slick, facile quality about the word 'clever', as if all we needed was a quick fix."
As Jooes points out, Australians have always had a reputation for resourcefulness: "We could fix up a leaking water tank ... with chewing gum, and do clever things with fencing wire. But in the age of

vant," he says.

Others have pointed out that the Clever Country analysis was first put forward by Horne in 1964. He wrote: "Throughout the world the basis of material prosperity in the future Is likely to lie, for the first time in history, with clever, educated people. The need to huild up a certain kind of cleverness will cause great social tensions in all industrialised countries; but especially in Australia, where cleverness can be considered un-Australian."

micro-electronics, these skills

are no longer particularly rele-

Horne has resisted pointing out that the delay of 27 years between his analysis and the prime minister's announcement tends to prove his point. The root of Australia's problem is that its economy differs from most other developed countries because of its dependence on relatively low-technology industries like mining and agriculture, which account for around 80 per cent of exports. Also, most companies are small by the standards of

# Putting a price on 'cleverness'

Europe, Japan and North
America, and much of industry is dominated by foreign-owned multinational companies.

add value to products in which Australia bas a comparative advantage. This bas been attempted through tax breaks and an annual rate of growth in husiness spending on R&D of around 14 per cent a year since 1981/82, and an annual rate of growth in husiness spending on R&D of around 14 per cent a year since 1981/82, and an annual rate of growth in husiness spending on R&D of around 14 per cent a year since 1981/82, and much of industry is dominated by foreign-owned multinational companies.

The result is that investment tends to be directed towards low- and medium-technology industries, while multinational companies are reluctant to commit research and development funds to Australian branch offices or subsidiaries. This seems unlikely to change. The Australian Science and Technology Council (Astec), a

Australia bas a comparative advantage. This bas been attempted through tax breaks for private R&D spending, and promotion of greater links between industry and government research agencies such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

A series of Co-operative Research Centres is being set up to promote joint public/private sector research, and the real rate of growth in mismess spending on R&D of around 14 per cent a year since 1981/82, and an annual rate of growth of 17 per cent a year in the number of overseas patent applications made hy Australians – the highest growth rate of any OECD country.

There are also some highprofile success stories, such as the CSIRO's joint programme with Queensland Metals to increase the value of production from its magnesite mine

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Survival (India)

Total federal government dy \$1 \$1 515.2 (1516. 1.549 )

government advisory hody, concluded in Its report The Core Capacity of Australian Science and Technology that: "While transnational firms can be induced, through subsidies and suasion, to perform more of their R&D in Australia and to form linkages with local firms, it seems unlikely that this will lead to the development of an Australian high-tecb sector with characteristics similar to those of other small OECI countries which perform well in these areas."

The government's strategy has been to concentrate on encouraging companies to develop techniques which will

age notes have also need required to fund part of their activities from non-government sources. At the state level, the government has encouraged South Australian proposals for a new suburb of 100,000 people in Adelaide, known as the multi-function polis, where it is hoped foreign and Australian businesses will establish a cluster of private-sector research organisations, partly stimulated by the state government's technology purchasing programme.

Ross Free, the federal science minister, says the strategy is working "reasonably well", pointing to an average

agencies have also heen required to fund part of their activities from non-government sources. At the state level, the government has encouraged South Australian proposals for a new suburb of magnesite hrtcks, and potentially to A\$4,000 a tonne for refined metal exports.

"When you consider our vul-

when you consider our vinnerability to fluctuations in
the price of our major exports,
which tend to be either what
we can grow or dig up, it is a
major concern that quite a lot
of our economic prohlems
could have been avoided had
we devoted greater efforts to
adding value." Free says.
However, there are doubts

about the government's commitment to providing its share of the funds to ensure that the

improvement of the last few years is sustained. The government has amnounced plans to cut the rate of tax deductability for R&D spending by husiness from 150 per cent to 125 per cent, even though the take-up is already falling, reflected in a decline in the cost from a peak of A\$198m in 1887/88 to A\$178m last year (both figures at 1964/85 prices).

The forecast cost for the curioned

The forecast cost for the current year is A\$162m, implying an effective cut in the government subsidy of 21 per cent over four years. The overall federal government budget for R&D support will rise by 4.3 per cent this year to A\$2.607bn, nearly double the expenditure in office in 1983/84.

However, the trend looks less impressive using constant 1984/85 prices. On this basis, the current year's hudget is equivalent to A\$1.692bn, an increase of just 1.2 per cent since spending peaked in 1986/87 at A\$1.671bn. Spending fell heavily between 1986/87 and 1991/92, bottoming at A\$1.549bn in 1988/89.

The government's contribution to R&D spending has been
falling steadily as a percentage
of GDP, from 0.76 per cent in
1984/85 to 0.67 per cent in 1984/
89, the latest year for which
figures are available. Over the
same period, business spending
has increased from 0.32 per
cent to 0.52 per cent of GDP,
Indicating that the strategy of
shifting the burden to private
industry is having some effect.
Over the same period, total
spending on R&D has
increased from 1.12 per cent of
GDP to 1.23 per cent. However,

Over the same period, total spending on R&D has increased from 1.12 per cent of GDP to 1.23 per cent. However, total spending has fallen after peaking at 1.26 per cent in 1986/87, and is still below the level of 1968/69, when spending stood at 1.33 per cent of GDP. As Jones pointed out in Parliament: "This is not a promising start for an explosive growth in Australia's capacity to produce bigh value added exports."

Hawke will have a chance to increase the government's commitment to R&D next May when he steps up the Clever Country initiative with the publication of Australia's first white paper on science policy. So far there is little indication of what he will say, other than to call for further increases in business speoding. However, ministers are playing down expectations that government spending will be increased. "It will be more a broad statement of principle," says Free.

The series will continue next week by focusing on Germany.

# Static arguments in a dynamic field

**By David Sawers** 

ha European Commisaion has an old-fashioned attitude towards the electronics industry: it believes that European ownership is necessary to ensure that the users of its products can obtain the most up-to-date devices, that large firms are vital to competitiveness in this industry, that size achieved by merger can he equated with size obtained by growth, and that protection or support for research can enhance competi-

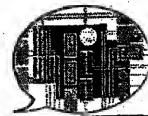
It also assumes that ability to manufacture the dynamic random access memory (D-Ram) is the yardstick of suc-

This analysis is static for an industry that is dynamic, in which success depends upon rapid reaction to competitive pressures and technological opportunities, and in which recent innovations have facilitated the provision of devices designed for specific uses, such as application specific integrated circuits (Asics). These latter innovations reduce the users' dependence on a few suppliers of the latest products. Output of these specialised devices is rising much faster than that of the D-Ram, which

Suppliers of the latest products.
Output of these specialised devices is rising much faster than that of the D-Ram, which they can in some cases replace; and output of D-Rams is now smaller than that of the more specialised chips. It is therefore rather surprising that so much importance is placed on the ability to make D-Rams — especially when the cost of entry is high and when successful production relies heavily on experience in making memory chips.

If it was ever true that tha European soppliers of electronic devices played a strategic role in the success of European industry, it is not true today.

If the European electronics equipment industry is continuing to fall behind its foreign rivals, its failure reflects inability to cope as well as its rivals with the possibilities for invention and innovation in the industry. Its weakness seems to lie in the technical, managerial and especially the entrepreneurial abilities of its employees. European companies seem to have been unwilling to take as many risks as their rivals, and unable to



**GUEST COLUMN** 

develop, manufacture and markat their products as affec-

Efforts to improve the competitiveness of the Enropean industry hy supporting collaborative research hava failed: companies, it is seld, have failed to exploit the results. So it is suggested that the EC, or national governments, should support the exploitation process, protect European markets more effectively, or encourage mergers to produce larger comnances.

These steps, unfortunately, would do nothing to correct the weaknesses of the European industry, which are related to its personnel rather than its finances.

then its finances.

Attempts to improve the performance of the electronics equipment industry hy government support should therefore he shandoned rathar than extended. The European companies should be left to find their own lavel, because the individual skills of their staff will be the main determinants of their success in this fast-moving industry.

moving industry.

It is simply foolish for governments or the Commission to seek to increase the scala of these companies' activities, when governments cannot determine the skills of their employees.

The sad old dogmas of strategic products and industries should he left huried in the past; the highly competitive electronic component industries of Japan and the US can best supply the needs of European users.

, and desire

David After fing

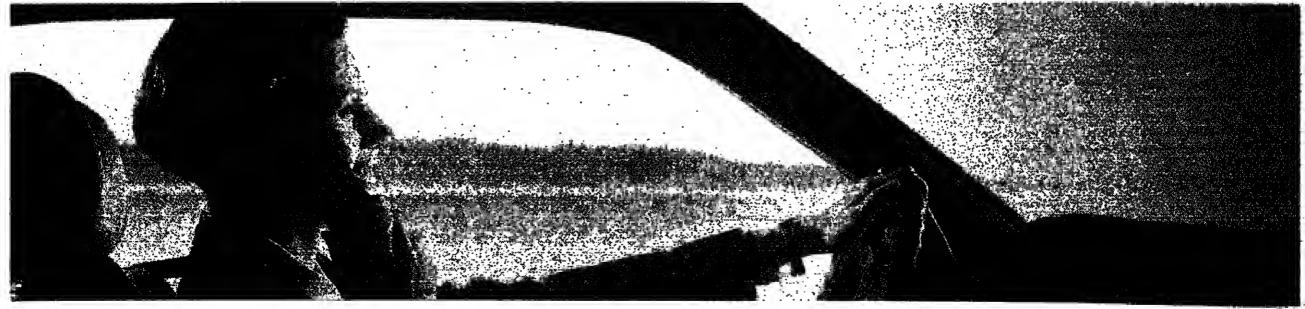
pean users.

It is the existence of competition in the world industry that is the real protection of European users, not self-sufficiency within Europe.

The author is an economic con-

# SIEMENS

"True freedom! Individual mobility is only part of it. We must also cross barriers of personal communication."



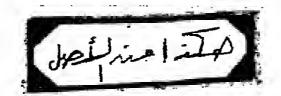
As we as individuals become ever more Independent and mobile, the necessity for more extensive, flexible forms of direct communication grows too. Against the background of such developments Siemens mobile radio comes to represent far more than mere technical progress. It is a manifestation of a new form of freedom.

To meet such needs Siemens provides a whole fange of modern mobile communications systems – from cordless telephones, through city call and telepoint equipment to mobile telephones and complete mobile radio networks such as the C network in Germany and the pan-European GSM networks. In some cases Siemens supplies just the terminal equipment or in some cases the entire underlying switching

technology.

Thus far, for example, 9 network operators in 8 of the 18 European countries involved in GSM have chosen Siemens technology. This is how Siemens is helping to overcome the barriers that now

Siemens Public Networks A World of Telecommunications



It was cleverly set up by the preceding works. Exactly as in one of Leon Botstein's Mendelssohn Festival concerts the pièce de résistance by the Master came after three "overtures" by his once famous elders and contemporaries, thus demonstrating the Master's superior genius in the most vivid and immediate way. Here, the luckless supporting acts were by Boleldieu, Cherubini and Méhul – but I exaggerate:

It sounded the more so after the Zoraime et Zulnar Overture by Boieldieu, a piece of outstanding musical vapidity. Swallowed as a canapé, the latter went down easily enough, thanks to its naively disarming orchestral colours. Gardiner and his players also put the best face on Mehal's overture for La chasse du jeune Henri, which displays an three more chords than Boieldieu hut depends chiefly and repetitively upon quaint hanting-horn

After such stuff, the Symphonie fantastique seemed more than ever a Pandora's box of unpredictable, explosive ideas. In this thrilling performance, it was impossible to disentangle the contribution made by the sible to disentangle piquant "period" timbres of the band from Gardiner's nwa sympathetic input. Obviously he could draw a brilliant account of the work from e modern symphony orchestra too (though he thinks the standard sonorities now are tentonised, americanised, . .

homogenised"). On the other hand, if the period-sounds aren't absolutely essential they certainly ensure clarity and pungent character for distinct musical lines, with the bonus that we scarcely hear any longer.

The kazooish bassoon-sound was a clear asset, lighter and odder than the lush modern kind, and the fact that nearly all the old instruments were softer than their new cousins meant that a *tutti* could be just as forceful (on that scale) as a modern one, but without the familiar blot-out glare. Nevertheless, a "period" style performance can also be as bland and faithless as a modern one; Gardiner's superbly prepared, insight-laden account was the opposite of that. Every movement had marvellous strokes (and subtle touches), but the opening "Reveries and Passions" achieved a barely-controlled Berliozian wildness with hair-raising

David Murray

# Hamic fin fantastique Barrel Barrel BOYAL FESTIVAL HALL

Last year Juhn Eliot Gardiner established his "Orchestre Révolutionnaire et Romantique" to do for the neo-Baroque bands have been doing for earlier music, as many music-lovers are aware - but not quite righ, apparently, to fill the hall on Sunday. That was a waste: there are more a wase, there are more than enough people who admire Berrioz's Symphonie fantastique, and would have found this performance wholly

Cherubini's Overture Les deux *journées*, at least, is sharply imagined and very

> he first time I ever ahowed my work in public was at the Royal Academy Summer Exhibition 1963, and it just happened to be a painting of Marilyn Monroe. The Academy'a principal offering for the autumn, The Pop Art Show (Burlington House, Piccadilly W1, nntil December 15: sponsored by Mercury Communications in association with The Independent), ia for me, therefore, one of considerable interest, and mixed feelings besides. In this I doubt that I am alone. In this I doubt that I am alone.
>
> For artists of my own generation, whose time at art school and early maturity filled the decade rooghly between 1955 and 1965, Pop Art has always been peculiarly significant. It is not that we even thought of It as Pop Art — and indeed the label was attached to it communicate later. attached to it comparatively late -

> > come to terms.

but whether we liked it or not, that

rich package of reference and response, superficial, hedonistic, ironical or what you will, wes something with which wa all had to

Tha tale of bow this 1716 comedy has been brought back

to the stage is itself romantic.

Rummaging in e secondhand bookshop, the actress Joanna Dunham cama across a battered 1753 copy of volume II

Joseph Addison (he of The

Spectator). It included two

plays, Coto and The Drummer. Coto, a serious neoclassical

drama that was a great hit in its day (exciting Whigs and

Tories alike in its parallel to the recent political crisis involving the Dnke of Marlborough), has often been republished. It is, however, a

dodo. It was The Drummer, a

farcical comedy, that caught

Drury Lane in 1716, The

Drummer was given a prestigious cast - including

Mrs Oldfield (the original Mrs Snllen of The Beoux

Stratagem) and Colley Cibber

(the great player of fop roles, reviser of Shakespeare, Poet

Laureate and prime target of

The Dunciad). But only

Addison's Spectator colleague.

Richard Steale – then managing Drury Lane – knew who had written it.

When first presented at

Dunham's interest.

The Drummer

WATERMILL THEATRE, NEWBURY, BERKSHIRE

What it made available to us was obtained by the individual of the material, it is hard to see how it could fail to be so; and bere a doubt creeps in. With such ease of presentation does there come ease of presentation does there come ease of presentation does there come dadaists, aurrealists, cubists and constructivists had not somehow contrived between them long before. Here again were the collage, the assemblage, the bizarre conjunction, the secondary reference by way of photographic or other printed material. But suddenly it all seemed to come together at once, the moment fixed and enlivened by that sudden surge in awareness at a conscious level of the forces of mass communication and entertainment. The map of our creative world was now redrawn: bere be Films Stars, here Advertisements, Comics, Popular Music, Sbop Windows, Packages and Graphic Design, Junk and Kitsch, and all to be taken not as just another formal element in the larger scheme of Art, hut for its own sake on its own terms, all legitimate, all grist to the mill. This large survey at the Academy is well-timed, with enough now of historical perspective and yet not so late as to seem overdue. It is beautifully installed, immediately

Addison was shortly to marry

tha widowed Countess of Warwick and to hecome Secretary of State. Probably, as

Dunham argues, be kept his

authorship of The Drummer secret in case it should fail and

As it happened, not only The Drummer but also Addison's health failed. He abandoned

his post as Secretary of State, his marriage seems to have

been unhappy and in 1719,

aged only 47, be died. The

Drummer, bowever, soon came

into its own. Successfully

revived (with his name) in

1722, it was often given until at

least 1762 and was translated

into French, Italian and

German. in our time, however,

The play is like a comlc version of the end of The

Odyssey. Sir George Truman, who is believed to have been

killed in the wars, returns in

disguise to his country home.

Among the suitors who pester his faithful wife ("the mirror of

widowhood"), Tinsel is a marvellously self-regarding fop ("Do you langh to show your

wit or our teeth?") while

Fantome, less socially ept, is

trying to scare Tinsel away by

it has been neglected.

nothing especially new, nothing that

a certain glibness? Does it all flatter rather to deceive? Such fault as there is attaches not to the Academy for putting on the show, nor to the artists, though we shall come back to them, but to the

pretending to be the ghost that haunts the honse. (The Haunted House Is the play's subtitle.) The play is always

lively, tells its story well and

has many fine scenes. It does not abound in quotable lines -

least six of its ten roles are good ones, written to

compliment expert character

Toye's staging is its vigour and the faith it places in Addison's

unexaggerated words. The

audience is happily held from first to last and laughs easily

throughout. There is too much

scenery, and some unnecessary

scene-changes occur. (Addison,

a classicist, observed the unities.) The Swingle Singers

muzak, used before and

between scenes, is a pain, and the little bop done to this on

one occasion by Vellum (John

Conroy) is worse. But the play is never trashed, and most of

its actors do it proud. I single

out one: Judy Buxton, for the musical clarity of her diction

and decorous vivacity of her

Alastair Macaulay

characterisation.

The great merit of Wendy

'Bathtub Collage', 1963, by Tom Wesselman; and 'Rocky Mountains and Tired Indians', 1965, by David Hockney

selection of the work and the emphasis laid upon it by the organisers. That perhaps is to credit them with too much of the positive, Where we might have hoped for e true reassessment and proper historical analysis, with all of fresb historical analysis, with all of fresh insight and surprise they may afford, what we get is the story as before, with the European contribution neglected, the British patronised and the American complacently accorded e pre-eminence that seems increasingly shaky and undeserved. The problem is, as with every supposed Art Movement there ever

supposed Art Movement there ever consistency, remain significant. For was, that the narrow, precise or the rest Larry Rivers still bermetic view grows ever more disappoints for never baving

blurred and indistinct the harder we look at it. As for the individual artists within any such movement, the more interesting they become for their mutual variance and development in the longer term. Thus to lump the American and European varieties of Pop Art

together with so light a critical judgment is misleading and unfair. But, it being done, distinctions But, it being done, distinctions must be drawn. in general terms, the American work tends towards the open and public statement, immediate, consciously superficial and banal, independent of historical reference or continuity. The technique is often mechanical, often perfunctory and indifferent. The image is there, to be taken or left as it is, like the poster on the wall.

it is, like the poster on the wall. Taken to Warbol's ironical and ambiguous extreme, this can be interesting and even important, Johns tco, in the dark repetitive intensity of his early work, and Lichtenstein by his formal consistency, remain significant. For

resolved what his graphic talent proposed, while the alipshod arrogance of Rauschenberg, the one note of Oldenburg's one soft idea, and Rosenquist's large-scale hamfistedness, are merely tiresome. European Pop Art is, by contrast, set in the modernist tradition and

quite independent in its sources, references and chronology, of American example, for all that its material may well be American. The formal example is cubist, dadaist and surrealist collage, Ernst, Schwitters and Picasso, the freedom that to bring all manner of demotic material into aesthetic use. That freedom too the Americans had, but here the mood was personal and reflective, consciously ambiguous in lts jokiness and irony. The British work is also, almost without exception, better made.

There are of course parallels to draw, for contemporanelty is always a kind of complement, but to set Allen Jones, for example, against Tom Wesselmann or Mel Ramos, Kitaj against Rivers, Caulfield against Lichtenstein, Peter Blake against Jim Dine. Paolozzi against Ray Johnson, is to demonstrate a technical superiority, to say nothing of material richness and qualitative difference, that has still to be more generally acknowledged. There are, of course, many gaps – no Nigel Henderson, no Michael Andrews, no Dubuffet. The European element is indeed sadly inadequate, and a thorough examination of the relation between le nouveau realisme and the incipient British Pop Art of the 1950s is now more necessary than ever.

But Art is not a competition, and American Pop Art stands in its own right as of considerable art-historical moment. The mistake is only to see Pop Art as essentially American in context and reference: the pity only that the opportunity for a more discursive, generous and fairly comparative examination of it, in all its manifestations, has been missed. A show dominated by Lichtenstein, Rauschenberg, Oldenburg and, above them all, Andy Warhol, is all very well, but not even balf the

# Le Fanal Bleu

SALISBURY FESTIVAL

A hedonistic package of reference and response

William Packer reports on the bizarre conjunctions which make up the Pop Art Show at the Royal Academy

The Salisbury Festival saw the premier of Dorothy Tutin's solo sbow, Le Fanal Bleu, novelist, Sidonie-Gabriel Col-ette. Her tempestuous life (1873-1954) offers all manner of delights for the hiographer, devisor or actor. But this version of Colette was the greatest disappointment, principally because so many opportunities were lost or squandered in a

flat-paced, anodyne account. There are two problems with Barbara Nell's script, taken from Colette's autobiographical writings in Earthly Paradise. Firat, it comes from one source, so that while one learns much of Colette, the show takes the form of a lecture rather than a dramatic account of her life. Second, Neil's selection of material sets out to counter the image of Colette as the scandalous music-hall dancer by present-ing the pained novelist, but she over-compensates and presents

Colette as dull and priggish. Colette married in 1893 and first appeared in the Paris gossip columns in a first-night audience of Maeterlinck's version of Tis Pity She's a Whore. A publishing friend coaxed her into the Claudine novels, spic-

ier with each rewriting. When Colette unshackled berself from Henri Gantbler-Villars, her music-critic husband, she danced in gold tights through the provinces and into the best Paris salons before she turned novelist and chronicler of the time in *Le Motin*. She married again, in 1912 and 1935. While Neil's script tells something of this, it fails to convey the

excitement of the time. However, there are some wonderful moments created solely by Colette's prose: the sensuousness of a cat awaking from an afternoon sleep beavy with the scent of tomato plants, or the borror of Colette's experiences with the wounded during the war.

Dorothy Tutin looked uncomfortable and read - not altogether fluently - from Colette's blue writing-paper. The period costume and set were welcome enhancements. Her Colette dutifully delivered the best-known lines about life, including sound advice which applies to anyone thinking of version - "lcok long at what pleases you, and longer still at what gives you pain."

Andrew St George piano as the bright lights of

DRILL HALL, WC1

The first London visit in 20 years by New York's Ridlculous Theatrical Company is an occasion for some mirth but little joy. Their Camille, archly sub-titled "a tearjerker", is a tawdry tranvestite version of Dumas' Parisian melodrama La Dame aux Camélias which leaves no double-entendre unturned.

The title role, created by the company's founder-director Charles Ludiam, is inherited by his successor Everett Quinton, who works every line into such a frenzy of moues and manners that he drains the story of the joie de vivre, and the emotional manipulation which is surely responsible for the enduring appeal of Dumas' consumptive

It is not that there is anything wrong with buriesque, just that the whole evening would be so much funnier if only it were a little less strenuous and cynical. The three acts (with two intervals) proceed with little variety of tone or tempo. In the desperate gaiety of the first one, a rococo gargoyle of a haron (H.M. Koutoukas) thumps at a little

in balls of costumier's best, The frocks, at least, are seriously outree in a style that would do credit to the panto at Clacton on Sea, while the hanks of stage jewellery quite outshine verbal gems ("Me fall ln love? No, no Nichette").

To be fair, there is a genuine

the demi-monda twinkle away

attempt to tell the story. Camille, discovered at her Auleil hideaway decked out like a strawberry tart, submits to society's pressure to abandon ber lover and throws berself back into the baron's lascivious arms before repairing to her deathbed, from where she gasps some of the play'a funniest, and most pointed, dialogue. In the era of Aids, there is an obvious Aids, there is an obvious resonance in ber cry: "I have lived for love and now I am dying for it" — if only the production would allow it to be felt. There were plenty of of people in the clubbish Drill Hall audience who seemed delighted by it all, but to me it seemed tacky and rather

Claire Armistead



#### **AMSTERDAM**

Concertgebouw 20.15 George Cleve conducts the English Chamber Orchestra in an all-Mozari programme, including the Jupiter ytephony and the Plano Concerto to 20 with Mitsuko Uchida. Comorrow and Thurs: Solti conducts the Royal Concertgebouw. Fri: Ozawa conducts Brahms (6718

Muziektiester 20.15 Dutch National Bailet in works by Hans van Manen, William Forsythe, Toer van Schayk and Balanchina, final performance tomorrow. Thurs and Sun: Netherlands Opera production of Mazeppa. Fri and Sat Nederlands Dans Theatar (6255 455/credit card bookings 6211 211)

#### ■ BARCELONA

Gran Teatre del Liceu 21.00 Tanz-Forum Cologne in Prokofiev's ballet Romeo and Juliet, choreographed by Jochen Ulrich. Daily Hill Sun (412 1466)

#### ■ BERLIN

NOWNER

Deutsche Oper 20.00 Dietrich Fischer-Dieskau, accompanied by Hartmut Holl, sings Schuberl Liedar (Bun matinee: Fischar-Dieskau aings Dia achôna Thurs: Madama Butterfly. Sat ballet evening. Sun: Tosca (West Berlin 3410 249) Philharmonie Kammermusiksaal 20.00 Roger Norrington conducts the Chamber Orchestra of Europe

in a Haydn and Mozart programma. Tomorrow: plane recital by Elana Baschkirova. Thurs, Fri, Sat and Sun matinee: Ivan Fischer conducts the Berlin Philharmonic Orchestra (West Berlin 2614 383) Staatsoper unter den Linden 19.00 Egon Bischoff'a production ot Swan Lake (East Berlin 2004 762) Komische Oper 19.00 Tom Schilling'a production of Romeo and Juliet, music by Prokofiev (East

#### ■ BRUSSELS

Barlin 2292 555)

Palais des Beaux Arts 20.00 Michel Corboz conducts tha Orchestra and Chorus of tha Gulbankian Foundation, Lisbon, in a performance ol Carvalho'a Ta Deum, repeated tomorrow in Antwarp, Thurs: Alicia da Larrocha Is plano soloist in a Mozart and Ichalkovsky concert with tha Belgien Nabonal Orchestra conducted by Ronald Zollman. Fri: Alexander Rahbari conducts the BRT Philharmonic Orchestra (507

#### **■ BUDAPEST**

This week's avants includa a recital by the Barlok Quartet at tha Academy of Music tomorrow and on Saturday, and a plano recital by Zoltan Kocsis in the Pest Concert Hall on Friday. Tha new season at the Erkal Thaatra hadins

patriotic opera Hunyadi Laszlo (1844), followed by a ballet avening on Saturday and a Hungarian-languaga production of Nabucco on Sunday. Tha State Opara reopans on Sap 26 with a matinee parformanca of Erkal's Bank Ban (1861), followed by

on Friday with Farenc Erkel'a

Britten's Albert Harring in the evening. An Engliah-language antartainmani entitled Tha Play's Tha Thing can be sean each evening at 19.30 at the Marlin International Theatre, in tha courtyard of the City Council, Garloczy u. 4

#### ■ DRESDEN

Samperoper 19.30 Hans Zimmar conducts Janacek's Osud, staged by Joachim Herz. Tomorrow: ballet tripla bill, with works by Francois Klaua, Johannes Bönig and Bernd Schindowski, music by Britten and Pärt. Thurs: Zar und Zimmarmann. Fri: Entführung. Sat: II barbiere di Siviglia (4842 731) Schauspielhaus 19.00 Maxim Gorki's play Summar Folk (1904). Tomorrow: Allred Jarry's larce Uhu Rax (4842 731)

#### **■ GENEVA**

Grand Théâtre 20.00 Song recital by Olaf Bar, accompanied by Geoffrey Parsons. Thurs and Sat. Jose van Dam alngs title rola in Dar Iliegenda Hollandar (212311)

#### **■ GHENT**

Festivalhal 20.00 Flandars Festival: Rudolf Werthan conducts tha Flandars Opera Orchestra in Wagner's Rianzi ovarture, Schumann's Third Symphony and

Chausson's Poema de l'amour at da la mar. Fri: Jos van Immarseal conducts the Naw Belgian Chambar Orchestra and Philharmonic Chorua ot Rotterdam in music by Haydn and Fauré

#### ■ LEIPZIG

Gewandheus 20.00 Daniel Nazarath conducts the Laipzig Radio Symphony Orchastra in Mozart's Symphony No 40 and Bruckner'a Ninth Symphony. Thurs and Fri: Kurt Maaur conducts tha Gewandhaus Orchestra in Strauss' Don Juan, Dvorak'a Eighth Symphony and Tchaikovsky'a Violin Concerto, with acloial Frank-Michael Erben (7132 252)

#### **■ LONDON** MUSIC AND DANCE

Sadlar's Walls 19.30 Moscow City Ballat production ol Giselle. Season runs till Sat (071-278 8916) Covent Garden 19.30 Slan Edwards conducts Nuria Eaperl's production of Rigoletto, with Leo Nucci In the title role, Gluseppe Sabbabni as tha Duke and Marialla Devia as Gilda. The naxt parformances of Rigoletto ara on Sep 24, 28 and Oct 1. Sat Das Rhaingold. Naxt Mon: Die Walküre (071-240 1066) Collseum 19.30 David Atharton conducts Tim Albery's production of Billy Budd, with Peter Coleman-Wright in the titla rola. Philip Langridga as Vare and Richard Van Allan as Claggart. also Fri. Tomorrow and Sat: La bohème. Thurs: Warthar (071-896

Royal Festival Hell 19.30 James Lockharl conducts tha BBC Concart Orchastra and Cantral Band ot

tha RAF In music by Shostakovich, Berlioz, Giordano and Verdi, with baritona Mario di Marco. Tomorrow: Sinopoli conducts tha Philharmonia, Thurs and Sat: Previn conducts tha LSO (071-928

#### THEATRE

The Miser: Molière'a play, in the Oliviar tonight, tomorrow and Thurs, ia directed by Stevan Pimlott, with a caat led by Charles Kay and Eleanor Bron. On Fri and Sat, Josette Simon is tha proud herolna in a glittering production by Phillo Prowsa of Tha White Devil, John Webstar's tala of Jacobean corruption. Richard III: tonight and

tomorrow offer e final chance to

award-winning performance in Shakespaara's play, at tha Lyttellon. From Thurs lill next Wed, McKallen atars in Napoli Millonaria, Eduardo da Filipo's richly-textured, end-of-war drama. At Our Tabla: the Cottesloe tonight pramiares a new play hy Danial Mornin, directed by Jenny Killick, Thurs Fri and Sat: Tha Coup, Mustapha Matura's political satire about revolution in Trinidad. (071-928 2252)

 For ticket information about all West End shows, phone Theatrelina trom anywhere in the UK: Plays 0836 430959 Mualcala 0836 430960 Comedies 0836 430961 Thrillars 0836 430962

#### ■ NEW YORK

**BRDADWAY THEATRE** Long runnars include Nall Simon'a lamily drama Lost in Yonkers (Richard Rodgars Thaater), John Guara's dark comedy Six Dagrees

of Separation (Vivian Beaumont Theater, Lincoln Center), City ot Angals, an antartaining combination of musical comedy and private-eye filma of the 1940s (Virginia Theater), Miss Salgon, Nicholas Hytnar'a production starring Lea Salonga and Jonathan Pryce (Broadway Theater) and The Will Rogars Follies, a popular Amarican mualcal directed by Tommy Tuna (Palace Thaater). Ticketron answara inquiries and sells tickats (246-0102)

#### **■ PARIS**

Ateller 20.45 Shakespeara's Richard II, directad by Yves Gasc Tues to Sat, with matinaes on Sat and Sun (1 place Charles-Dullin, 18e. 4606 4924) Théâtre de la Ville 20.30 Merce Cunningham Danca Company triple

bill of recently premiered works, including Beach Birds with music by John Cage. Runs bil Sat (4274 Le Funembula Théâtre Restaurant

21.00 Tha Bitter Tears of Petra von Kani, a play based on the character crealed by Rainer Werner Fassbindar. Directed by Jacques Oursin. Runa till Nov 3. Preceded at 19.00 each avening till Sun by Jean Cocteau's telaphone monologua La Voix humaina, with Stephania Baron as the jilted lovar (53 rua des Saulaa, 18e. 4223 8883)

#### ■ VIENNA

Staatsoper 20.00 Hainrich Holirelaer conducts Elaktra with Hildagard Bahrana in tha title rola and Christa Ludwig as Klytamnestra. Tomorrow: Cav and Pag with Baltsa as Santuzza (51444

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Colin Chapman
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Sky News 1200 International Cusiness Raport 2130 (Thurs! Financial Times Busi-

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Superchannel 1800-1830 FT Rusiness Weekly 1930-2000 FT Rusiness Weekly 2330-0030 FT Business Weekly

1030-1100 FT Business Weekly

#### **FINANCIAL TIMES**

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Tuesday September 17 1991

# Democracy in Hong Kong

Kong after China takes over

has not abandoned its respon-

sibilities during the remaining

huilding of Hong Kong's new airport must be not be repeated. Unrealistically, as it turned out, Hong Kong

thought it could go it alone to huild the airport, without full prior consultations with the

Chinese anthorities. In the end, however, Mr John Major, the UK prime minister, had to eat

humble pie by going to Beijing to sign an agreement with the Chinese allowing the airport project to go ahead.

Yet the wbole affair had its

positive slde as well. Mr Major

proved with his outspoken advocacy of human rights in China that he was not fright-

ened to provoke the wrath of the Chinese on points of princi-ple. The subsequent release by Peking of a leading Hong Kong dissident showed that such tac-

tics can pay handsome divi-dends, though last week's expulsion of a British corre-

fully with the Chinese, Britain,

too, should not hesitate to hring up matters it considers of vital importance in the regu-

lar meetings at foreign minis-ter level which have been established specially for this

purpose. China may dig in its heels on

granting greater democracy for

Hong Kong, as it did in the negotiations on the Basic Law last year. However, its obvious desire for Mr Major to visit Bei-jing showed that it desperately

wanted to regain its interna-

tional credentials. This remains an effective bargain-

Greater democracy would

provide the best chance for Hong Kong's long-term politi-cal and economic autonomy

and would make It more diffi-cult for Beijing to perpetrate a

Tiananmen-style crackdown. In

tbe absence of an improved

will be left only with the highly uncertain hope of fun-damental political changes in China. electoral system, Hong Kong

ing chip in Britain's hands.

Points of principle

The mistakes made over the

years of its stewardship.

THE very fact that Hong Kong has taken its first step towards democracy with direct elections to its Legislative Council is a welcome, if long overdue. development. But it would be an illusion to present them as an unmitigated success, in spite of the understandable uhilation of the victorious United Democrats, led by the prominent barrister Mr Martin Lee. Under China's Basic Law for Hong Kong, adopted last year, Britain was made to accept conditions under which only 18 of "Legco's" 60 seats would be directly elected this year, rising to 20 in 1995 and no more than 30 in 2003.

Moreover, the turnout of less than 40 per cent of the 50 per cent of the Hong Kong popula-tion who had registered to vote was a disappointment. It was hardly an effective rebuttal of the argument that indifference to the whole democratic process is widespread in Hong Kong. That does not alter the fact that the presence of even a limited number of elected rep-resentatives – Mr Lee's party and its liberal allies won 16 out of the 18 available seats - will provide some measure of insurance against the territory's public opinion being stifled when Britain gives up control

spondent from Beijing cast the regime in its more invariable post-Tiananmen light.

While issues affecting Hong Kong's future should be raised fully with the Chilaran Hong in the control of the control Certainly, the clamour in Hong Kong for more democracy will now grow louder. Mr Lee, who is equally critical of Britain and China, has already said clearly that his party, having received "a mandate from the people", is now entitled to have the majority of the representatives in Legco. That would entail a change in the present rules which provide for 42 members of the council to be nominated by the governor of Hong Kong or to be elected by professional groups.

#### Herculean task

Mr Lee can he relied upon to put pressure on the British government to try to persuade Beijing to improve the demo-cratic provisions of the Basic Law. This will be a Herculean task, given the difficulties already encountered by London in winning Beijing's acceptance even of the present imperfect system. But the effort has to be made, not only to protect the rights and interests of the people of Hong

Running London

IF THE UK had wanted to preserve the City of London's dominating position among Europe's capital markets, it should not have promoted liberalisation elsewhere. As it is, deregulation in other centres. encouraged forcefully by the European internal market programme, is helping to create more of an even playing field across the Continent, and encouraging competition for international business.

Liberalisation elsewbere, not excessive regulation in Lon-don, explains the conclusion in a survey by the London Chamber of Commerce that London is set lo lose out in relative although not absolute terms to other centres. Foreign banks, for example, are broadly content with the curone time, the fear was that the costs of the Financial Services Act would drive them out of

But there is one strong mes-sage for policy-makers. Bank-ers are fed up with London's inadequate Infrastructure, especially when it comes to transport, and think the capital needs a governing body to co-ordinate its policymaking.

They are right. London does need a strong and independent government. It should be allowed to raise taxes, not least from those who toil in the Square Mile, in order to pay for the improved infrastructure that is sought. Fares should cars for commuting should be taxed. Are the hankers prehroadly content with the current levels of regulation. At as call for the tune?

# Prison challenge

LORD JUSTICE Woolf's report on the prison disturbances of April 1990 was published in February of this year. Together with the chief inspector of prisons Judge Stephen Tumim, he had investigated the riots which almost destroyed Strangeways prisoo in Manchester and other UK penal establish-ments. His central proposition that accurity and control should be halanced with justice

welcomed. Some of Lord Justice Wcolf's proposals were implemented immediately – for example, the censorship of letters was abolished for most prisoners. The bome secretary announced that the degrading pro-cess of slopping out would be ended by December 1994, 15 months earlier than Lord Justice Wooif had recommended. And the government could point with justification to its ambitious and expensive prison building programme to remedy the neglect of predecessors over a long period.

Now, within eight months of the publication of the report, Mr Kenneth Baker has published a white paper which largely endorses the approach of the Woolf inquiry. To have acted so quickly (by the standards of government) and to bave accepted the inquiry's findings so comprehensively deserves commendation.

The nagging doubt that remains is over the timetable for ending overcrowding, with

cells designed for one still too often shared by three people. Lord Justice Woolf recommended a new prison rule, that no prison should hold more than tts certified normal accommodation (an officially-determined figure to measure overcrowding). If it exceeded the limit by more than a marginal amount, this should be reported to parliament hy means of a certificate specifying the reasons. While this would not abolish overcrowding, it would inhibit It and

focus attention on the problem.
Lord Justice Woolf intended that this new rule should operate from the end of 1992, when it was expected that the prison population would match the accommodation available. Mr Baker has said only that he does not expect overcrowding to end until the middle of the decade. Once the system was in balance, the Wcolf report's certification process would then be considered.

It is sad that the government has not found the will to end the blot of prison overcrowd-ing. There are certainly difficultles in limiting numbers when other people - the judiciary - determine the intake. But the Woolf proposals would have provided a firm target date and a mechanism for heightening public awareness of the problem. Ending overcrowding – a significant factor in the 1990 riots – should not be delayed another four years

with some confidence that the chances of radical reform of the European Community's agriculture

regime are better than even.
The European Commission, which in July endorsed the plan of Mr Ray MacSharry, the Irisb agriculture commlssioner, for the most fundamen-tal overhaul of the Common Agricultural Policy in its 30year history, at last appears to have seized the initiative.

If Brussels bolds its nerve and hy a combination of stealth and boldness gets the substance of its new farm deal through the 12 member states, the consequences will be momentous.

In substance, the complex plan can be summarised as the deepest price cuts the EC has ever contemplated, combined with full compensation to small and medium-sized farmers and scaled recompense to large farmers, contingent on the medium-to-large farms taking significant swathes of land out of production. This was also the core of January's even more radical plan which caused a furore within the EC's powerful farming constituency. The main difference now is that compensation is much higher for big farmers – for which they can thank their agriculture ministers.

But the refined plan would still produce manifold benefits: The EC's structural overproduction of food - running at about 20 per cent over needs - could gradually be brought under control. The wasteful mountains of beef, grains, hut-ter and skimmed milk powder overhanging EC and world markets, depressing prices and lowering farm incomes, could slowly disappear.

• The EC will have to spend more initially to save on the budget later. But most of the Community's 9m or so farmers would get stable incomes, which would be spread more equitably and help smaller farmers in particular. EC consumers would get

cheaper food. Last year, according to the Organisation for Economic Co-operation and Development, while agricul-ture got \$49.3hn in support from the EC hudget and national treasuries, consumers paid Community farmers a aubsidy of \$85.1hn. Some agricultural economists think consumers might save as much as equivalent to Ireland's gross domestic product.

 The quality of the environment would improve if the plan's provisions to reward less intensive farming are adopted. And the present struc-ture of rural society would stand a better chance of survival if the Commission's ideas for controlling the exodus from the land, and using land for non-food purposes like forestry, are agreed.

Negotiations in the Uru-

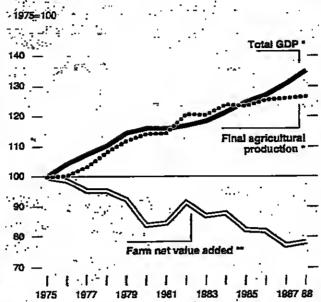
guay Round of the General Agreement on Tariffs and Trade (Gatt) to free new sectors of world trade, now foundering on the rock of farm trade subsidies, are more likely to be completed if the EC seriously eans to reform the CAP.

Moreover, a reformed farm regime is a sine qua non for the EC's enlargement, to include: the predominantly Nordic countries of the European Free Trade Association and, eventually, post-communist, agriculturally-rich coun-

Reform of EC farm policy now looks likely, writes David Gardner

# Axe over the CAP

**EC AGRICULTURAL PRODUCTION AND** INCOME



tries such as Poland, Czechoslovakia and Hungary, These three, now trying to negotiate association agreements with the EC, have complained bit terly about Community harriers to their farm output. But these benefits remain in

the conditional tense. Next Monday, the 12's agriculture ministers, hostile to the Mac-Sharry philosophy, will meet to pick the plan apart. Their resolve may be stiff-

ened by howls of outrage from big farm lobbies. At bome in Ireland, Mr MacSharry was described by one farmers' leader as "the second Crom-well". In the Netherlands, the plan is vilified as a "euthana-sia programme" for farming. But once the farm ministers join real battle on the reform plan, they may find Brussels has them outflanked. To begin with, the plan cre-

ates many more winners than losers. At its core - and the Uruguay Round negotiations - is Brussels' intention to control EC cereals output. The main means of control would be to sever the link between the support paid to farmers and the increasing amounts they produce, by giving subsidies on a per hectare basis calculated on past average yield rather than on future tonnage.

But only 4 per cent of the EC's 4.3m arable producers will be losers under the plan, by having to "set aside" land without compensation. These are the grain barons of the Paris Basin and East Anglia. They have been over-rewarded by the CAP, and should he able

to compete if the reform unlocks a Uruguay Round accord which leads to the EC's partners also disarming their farm subsidies. Similarly, the Commission calculates that 86 per cent of the EC's 1.5m dairy farmers, and 80 per cent of its 2.6m beef producers, will fall below the thresholds at which the plan cuts into their output.

Without reform, moreover, all farmers will lose. Provi-sional sums by the Commis-sion suggest that agricultural income will fall a further 23 per cent by 1996. With the swingeing price cuts in the planned reform - of 35 per cent on cereals for instance income loss would be less by 1996, at about 5 per cent. But with compensation on top, one Commission projection suggests incomes might increase by up to 25 per cent.

Under current arrangements, the more the EC spends, the less farmers get. Of a current annual farm budget of about \$40bn, some \$9bn is wasted on financing surplus food in storage. About two-thirds of this is lost permanently through depreciation. But much more is lost through the effect of the overhang on prices: the EC will spend about \$15bn this year dumping the surplus (as in a recent beef sale to Brazil at one quarter of EC prices).

Reformed spending, by con-trast, would get money to farmers rather than warehouses, and devote less to incensing the EC's trading partners. And by any serious yardstick, it would cost less. This year's CAP budget is

Ecu32.5bn, a rise of 30 per cent

Farm ministers will, in any case, be in no position to argue that the plan costs too much, having tried and failed to raise this year's (unreformed) bud-get. Indeed, there is no united front against the Commission. Whatever sound and fury farm ministers emit now, many of their political masters are likely to insist that the rewards of a Gatt agreement for EC industry, and the con-solidation of democracy in eastero Europe and the Soviet Union, are prizes outwelghing the costs of CAP reform. Germany, the premier industrial power, is likely to taka this view. Denmark has indicated it will query the detail rather than the substance of the Mac-Sharry plan, and Mr John Major, the British prime minis-ter, is also understood to be

inclining to this position.

Mediterranean produce is largely untouched by the plan. Nevertheless, farmers in the south would receive a a hig chunk of the 80 per cent of the farm budget spent in the rich EC north. France, the EC agricultural superpower, fears for its \$10bn surplus on farm trade and for the structure of its rural society. Some 60 MPs in the government's slender majority are vulnerable to the farm lobby. But France's CAP fundamentalism was ridiculed hy its partners 10 days ago when Paris blocked "association agreements" for eastern Europe over 550 tonnes of beef imports. The alternative plan Mr Louis Mermaz, the French agriculture minister, has been promising since February is now much less likely to convince, if he ever produces it. Commission officials expect

the Dntch - originally against the plan but now constrained by holding the EC's rotating presidency – to proceed with the reform agenda piecemeal, rather than as an overall package. But this now appears to mesh with Brussels' tactics of introducing the plan, piece by interlocking piece.

By the end of October, for

example, ministers must decide on a Commission prosal - modelled on the cereals plan - to comply with a Catt ruling on oilseeds subsi-dies. Despite objections, ministers will find it bard to come up with an alternative and, refore, hard to avoid being locked into the grand design. The farm trade access being offered to eastern Europe, three times as generous as the

concessions rejected by mem-ber states before the summer recess and the Soviet events of August, is now likely to go through, over French objections. As France rightly senses, such concessions are part of the slide towards CAP reform Senior Commission officials seem confident. They are already adjusting their farm subsidies offer within the Uruguay Round to the CAP plan. As one Brussels agriculture official puts it: "The Commis-

on last year. It is set to ise to Ecu34.7bn next year. The reform assumes an Ecu4.8bn rise in 1993-96. But immediately thereafter, it would cost less than the present system—
if spending on east German
farms is included. By 1997, the
new policy should cost Ecu4bn
less than projected expenditure extrapolated from the trend of

ome home, America.
These were the words
Mr Ceorge McGovern used to rally opponents of the Vietnam war, and most people might reasonably have guessed that the slogan was buried, along with Mr McGovern, in the 1972 presidential campaign.

Wrong, Today, the McGovern base has been revised by ern slogan has been revived by an odd alliance of conservatives, neo-isolationists and anti-communists. Bach seeks to redefine America's national interest in a world where the Soviet Union is no longer Pub-The revival of "Come Home, America" - and its counter-part, "America First" - shows that the debate over US foreign

policy in the post-cold war era is starting to cut across the familiar liberal/conservative lines. So far, President George Bush, the internationalist par excellence, holds sway with his vision of a new world order, hut the absence of the "anticommunist" glua signals that changes are under way.

Leading the charge is Mr Patrick Buchanan, syndicated columnist, television pundit and speech-writer for Presi-

dents Reagan and Nixon.
Writing in the Washington
Post, Mr Buchanan said it was
time Americans asked them selves basic questions: "What are we getting for \$15bn in for-eign aid? Why, 46 years after the second world war, are we defending Germany and Japan while they steal our markets?" Among Mr Buchanan's remedies: an end to the US role in Nato; the withdrawal of all US troops and nuclear weapons in Europe in return for a Soviet pull-out from eastern Europe, the Baltic and the Ukraine; a

narrowing of the Monroe Doc-trine - the rationale for America's right to intervene in the western hemisphere north America; an end to for-eign aid; an end to the mutual security pact with Japan. Mr Buchanan still favours a strong US navy, strategic defence against nuclear attack

and supremacy in technology. All these demands can be grouped under the slogan; America First - an evocation of the America First committee formed in the 1920s to make sure that the "mistake" of US intervention in the first world war was not repeated. Mr Buchanan would like to

re-form an America First committee, but it is debatable whether he can pull in other neo-isolationists or "neo-realists". Many are worried about the extremes to which he takes his isolationism - captured by his calls for tighter immigration controls and for "sealing the Mexican border. Nor do they have much time for his Japan-bashing, which critics say comes close to protectionism and underplays the impor-tance of US economic (as opposed to military) engagement overseas.

Yet many conservatives and fellow Republicans ahare Mr

# Come home to the fortress

Lionel Barber says US foreign policy is linking odd bedfellows



4.75

Patrick Buchanan: Buchanan's doubts on whether Mr Bush's pursuit of stability as the central goal of US foreign policy is enough to cap-ture the hearts and minds of Americans. Mr Ted Carpenter, a foreign policy expert at the libertarian Cato Institute ia Washington, argues that Mr Bush's desire for a new world order amounts to preservation of the status quo. How far this is sustainable when the break-up of the Soviet Union and the rise of nationalism pose the threat of instability, is open to question. More seriously, upholding the status quo risks plunging the US into regional disputes which do not affect vital American interests,

Mr Carpenter adds.
Inside the administration, the fashionable talk is still of America as the sole superpowar. Mr Bush constantly talks about America toiling to do the "hard work of freedom" But to critics such as Mr Carpenter, this all smacks of the ailed internationalism of former President Woodrow Wilson after the first world war. Like Mrs Jeane Kirkpatrick, former US ambassador to the United Nations, Mr Carpenter is a good deal less ambitious; he wants to see the US become a "nation among nations", not a hegemonic power.

The most serious critique of Mr Bush came from Mr Wil. liam Hyland, editor of Foreign Affairs magazine and a leader of the Atlanticist/anti-isolationist establishment. In a recent article, Mr Hyland urged Mr Bush to reassess the balance between domestic and overseas commitments and focus more on pressing long-term problems such as the budget deficit and education. The enemy is not at the gate, it may already be inside," said Mr Hyland. Mr Bush knows he may be

vulnerable on these issues which is why he is stompling around the US and talking about domestic policy. But he remains strong and popular. Mr Buchanan may insist that his brand of neo-isolationism is the wave of the future; but having opposed the war in the Gulf, he found himself sitting alongside his old opponent Mr George McGovern. No wonder be has ruled out running for the White House next year.

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#### Homeward bound

 Spain has tried with only occasional success to re-establish a worthwhile role for itself in Latin America, 500 years after Columbus "discovered" it. Now, there is speculation that it is going for something special: the place in history that awaits whoever smoothly extricates Fidel Castro from Cuba.

That role may fall to 68-year-old Mannel Fraga who is still better known for his spell as General Franco's colourful information minister in the sixties than for his current role as democratically elected president of the autonomous Spanish region of Galicia.

Fraga sets off next Monday for a week in Cuba where his father, then just one of thousands of Galician emigrants, met his Basque mother. Fidel's own parents also emigrated from Galicia. General Franco was yet another Galician, which belps explain his regime's excellent relations with communist Cuba despite his loathing of the hammer and sickle. Castro himself has never seemed entirely comfortable with Spain's democratic leaders.

The Fragas came back to Galicia to start a family. The Castros decided to have theirs on the island. Had the two men not been able to follow each other's exploits through the press for the last three decades, what tales they would have to tell each other.

conduit for the message Prime Minister Felipe Gonzalez is keen to get through to the ageing Cuban dictator - that were he thinking of a suitable retirement spot, there could be a place for him in Spain. Its government is denying rumours that its messenger will formally offer Fidel asylum, bnt Gonzalez had a long talk with Fraga in Madrid last week and is likely to have

asked him to belp the Cuban

Fraga could thus be an ideal

leader to realise his time is probably up.
After all, Fraga is living Calician proof that life after dictatorship need not be terribly dull.

OBSERVER

#### Marked out

■ If Fidel is considering his options for the future, he might be advised to rule out any thoughts of setting up a newspaper. The experience of comrades in former East Germany suggests this is a bad moment for enterprise; Neues Deutschland, once the East German government voice, announced yesterday that it faces bankruptcy. Its circulation has crashed

from 1m to 100,000. Its owner. the Party of Democratic Socialism, reckons lt needs \$3.6m to tide it over until 1992 when it believes it will start to show profits again. Stiff competition for east Germany's 16m readers has already closed several of Neues Deutschland's rivals.

The newspaper never had much claim to fame. Perhaps its most memorable feat was an issue which carried 39 different photos of the former hardline communist leader Erich Honecker, now diplomatically unwell in Moscow. Perhaps Britain's Daily Mirror, which in the past has frequently carried a number of pictures of its proprietor Robert Maxwell,

Double reverse

might sense a business

opportunity.

Hanson is famous for not over-rewarding its financial advisers. Lazard Brothers, the merchant bank, and Dewe Rogerson, the financial public relations firm, were both taken on to advise the hungry company on how to manage its "investment in ICI", the



"If Neil Kinnock didn't exist, how would you vote."

chemicals giant. Both admit privately that the attraction was not the fees.

So there was a sharp intake of breath at both City firms yesterday when Hanson made its agreed takeover offer for Beazer, the building group. Lazard and Dewe Rogerson were also advisers to Beazer's housebuilding subsidiary, CHB, which was going to be floated on the London stock market in just 12 days. The float is now off, barring miracles. Both firms will be submitting bills to CHB. Observer hopes they get

something for their pains. Long odds

■ Horse racing is an unsentimental business. This lesson was well learned at the weekend by David McErlain. one of a handful of eighties entrepreneurs to enter tha nineties still prosperous. Coalite, the smokeless fuel subsidiary of his company, Anglo United, sponsored the last classic race of the season, the St Leger, last Saturday. McEriain decided to mark the sponsorship deal hy

sion is holding the centre ground...and that's a com-fortable position to be in."

commissioning a new trophy.

Irish by descent, he decided on a crystal cup designed by the Republic's finest producer, Waterford. The baroque masterwork arrived on Friday perhaps drafted by an accountant, read "St Ledger".

A replacement, this time with no inscription, was flown in at the last possible moment on Saturday. As a price for the error, McErlain hopes Waterford will donate the original trophy to sit among his boardroom collection of clangers. Pride of place in the collection is a press cutting describing his company's multi billion pound bid for BAT Croup. Ambitious he may be ...

#### Missing links

■ Freudian slips sometimes bedevil the best of businesses. Gerald Ratner was in subdued mood at yesterday's interim press conference, but that did not prevent him from dropping an unfortunate clanger.
Asked whether he could make any comment on rumours of a bid from Kingfisher, he prevaricated before saying: "We've looked at our share register, which is all we can do, and there is no evidence of anyone huying

Hold up

stake-building.

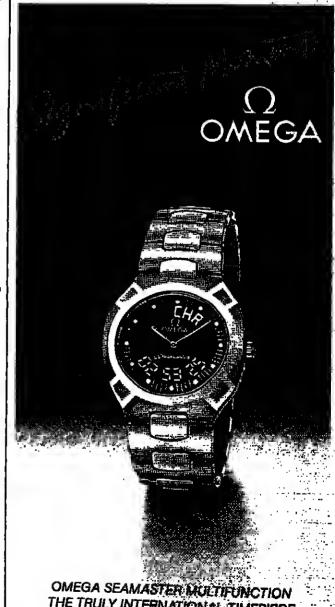
■ Albanian deputy prime minister Gramoz Pashko was yesterday delayed several hours at Brussels airport, because his personal guards carried guns but no visas. The Albanian VIP will today

our shares". His finance

director was quick to interject

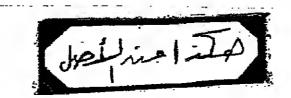
that Cerald meant no one was

attend a joint conference on his country's economic needs more butter than guns,
 perhaps - hosted jointly by
 the Group of 24 western aid donors and the United Nations Development Programme.



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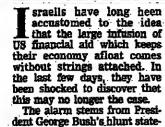


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ments at a White House press conference last Thursday sig-nalling his determination to block consideration of US Ioan guarantees for \$10bn in borrowing Israel wants to fund Jewish immigration from the Soviet Union. Mr Bush wants the guarantees delayed until after a Middle East peace con-ference planned for next

But Israelis' worries go deeper than the immediate tesue; they fear the American president is engaged in redefin-ing the very foundations of the US-Israeli relationship. Mr Bush touched several raw nerves last week: he reminded Israelis not just that the US had in the Gulf war destroyed their most threatening Arah enemy; he added that US soldiers manning Patriot missile batteries in Israel had defended them with their lives against Iraq's Scud missiles. He pointed out that the US

was already spending \$4bn in aid to Israel this year — or "\$1,000 for every Israeli man, woman and child". Ha suggested the US Jewish lobby's action in pressing Congress to consider the loan guarantees was against American interests.

Israelis, unaccustomed over the years to more than gentle presidential reprimands, were stunned. "Last night we saw an angry, fuming Bush flercely pounding his fists on the lectern in front of him," wrote columnist Yoel Marcus in the newspaper Ha'aretz. "It is hard public appearance by en Amer-ican president since Eisenhower presented us with an ultimatum to withdraw from the Smai in 1956."

Above all, the government was shocked that for the first time a US president was clearly using economic aid to Israel as a weapon to extract political concessions. At the very least, he had posed a direct challenge to the hardline policies of Mr Yitzhak Shamir and his right-wing government. "For us it is a red light," acknowledged an official close

to the prime minister. Mr Shamir's government has been thumbing its nose at President Bush for months, ignoring repeated signals that ignoring repeated signals that administration patience was running out in the belief that support for Israel in Congress would deter a presidential chal-

# An American red light for Shamir

President Bush's move over US loan guarantees has stunned Israelis, writes Hugh Carnegy



lenge. On the loan guarantee issue, Mr Shamir hrushed aside repeated entreaties from Mr Bush and Mr Baker to delay. Undoubtedly more significant, though, was the way his gov-ernment blithely ignored the US administration's atrong

views on Jewish settlements in the occupied territories. President Bush repeatedly declared that the settlements were an obstacle to the administration's painstaking efforts to arrange a Middle East peace conference. But the government - mainly through the efforts of Mr Ariel Sharon, the housing minister – stepped up the pace of settlement build-

According to opposition estimates, the government spent at least 1.5hn shekels in the West Bank and Gaza last year, chiefly on settlements, a figure likely to double this year. Most provocative, on several occa-sions new settlements were deliberately started on daya when Mr Baker made one of his repeated peace missions. In seeking to delay the loan guarantees, Mr Bush wants to force a halt to all Israeli settlement building in the occupied Arah territories

Mr Shamir knew his rela-tions with President Bush were cool - much cooler, for exam-

nle, than with the demonstratively pro-Israel President Rea-gan. Mr Shamir was well aware that his insistence that the settlements had no bearing on the peace process cut no ice with Washington. But he never appeared seriously concerned that President Bush would turn in the direction of what amounts to sanctions against Israel.

The implications are potentially enormous. US aid has become a vital prop to Israel's economy and is at the centre of the government's calculations on how it is to pay for the huge influx of Soviet immigrants under way for the last 18

It is by far the biggest recipient of US foreign aid - and the world's biggest per capita ald recipient – followed by Egypt after the Camp David peace accords were signed in 1979. The two together account for 40 per cent of US overseas

Since the early 1980s, all US aid has been in the form of grants, not loans. At one stage, it accounted for 18 per cent of Israeli GNP, although the fig-ure has fallen to less than 10 per cent now. Without It, Israel would not be able to sustain the current high levels of ising President Bush. Labour says he should quickly freeze settlement huilding and make peace and immigration the

Mr Shamir does not see it like that. He will not abandon his commitment to the West Bank and Gaza. Even if he was willing to freeze settlements, which is doubtful, his government might not survive such an ideological volte face.

He is now deeply suspicious of Mr Bush, noting that it was the US president, not any of the Arab countries, who said the loan guarantees were a threat to the peace conference.
"He is out to whip the Israelis,
not the Arabs. This is not an

even-handed approach," said a Shamir aide. "It means we have to be more cautious." Mr Shamir wants early assurances on the loan guaran-tees because he is now afraid that even after the 120-day delay, President Bush will continue to use them as a political

weapon in the peace process.

Mr Bush is indeed playing a longer game. The Middle East peace conference, after all, is only a curtain raiser for direct talks between Israel and her Arab neighbours. It is quite possible that, by next January, when direct talks are under way, tha US will auggest a series of confidence building measures centred around a freeze in Israeli settlements.

90/91

The extra aid for immigra-

tion is requested in the form of

loan guarantees, not actual loans. But without the guaran-

in the amounts and at the price it wants would be com-

promised. Government minis-

ters have said Israelis would rather suffer deprivation to

pay for immigration than

accept unpelatable US political conditions. But Mr Shamir is

reluctant to take the electoral risk of forcing a significant drop in standards of living to

How, then, will hereact to Mr Bush'a challenge? Extrema

right-wing ministers in his coalition – including Mr Sha-ron – are urging him to boy-cott the peace process until the

guarantees are approved. Viru-lent attacks on Mr Bush have

ment; one minister came close to accusing himof anti-semi-

The opposition, headed hy the Labour party, has joined in condemning the administra-

tion's linkage of political issues

to what most Israelis regard as a simple humanitarian task of absorbing Jews who want to

leave the now disintegrating

Soviet Union. But it also argues strongly that Mr Sha-

mir is to blame hy so antagon-

anated from the govern-

pay for the newcomers.

s, Israel'a ability to borrow

According to one US official, the US could make Mr Bush's support for the loan guarantees conditional on Israel accepting a settlements freeze in return, say, for some recip-rocal concession such as lifting of the Arab economic boyout against Israel. This in turn is intended to create an in-built dynamic forcing mntual concessions from the parties in the interests of a lasting settle-ment. Such a settlement may have elnded successive US presidents, but Mr Bush has made it a deep, personal chal-

enge.
The Israeli prime minister is not a man to give ground. He will continue to try to secure extra aid without making big concessions on the peace pro-cess. He has one possible escape ronte in the form of elections. The popularity of his Likud party is strong and he could engineer an election before the due date of November 1992.

But today, as he marks the start of Yom Kippur, the Jew-ish Day of Atonement, he knows he faces for the first time an American president prepared to make largel face the hard political choices it has consistently ducked since it conquered the occupied territories in 1967.

Additional reporting by Lio-nel Barber in Washington

# Joe Rogaly Kinnock's last hope



wrong with Mr Neil Kinnock. There wrong with Mr Neil Kinnock. Well.

not very much. You may disigree. According to the latest Harris poll in the Observer some 38 per cent of the elec-torate say they do not like him. The equivalent figure for the prime minister is 8 per

The Labour leader cannot hlame that extraordinary dis-parity entirely on the vicious end of the Tory press. His malloyed personality is visi-hle on TV. Lately he has looked tight and constrained in his best suit, held in check by his sense of self-discipline. The next moment Mr Major, relaxed in short sleeves and open-neck shirt, smiles the famous smile. The public sees them both. Wa know the result. Yet viewed as the man-ager of an enterprise, the Labour leader has been a huge success. At best, he has rescued the Labour party from near-extinction worst, if my hunch is right, he has postponed an extinction that may be historically inevi-

Politically bankrupt eight years ago, Lahour stands a chance, albeit a slim one, of winning the most seats in the next election. Mr Kinnock's tragedy, and the Labour party's, is that it is more likely to lose, and then start to disintegrate. But you have to blame that on contempo-rary history, not the Labour

These are guesses. We must go back to the beginning to appreciate how well Mr Kinnock has done so far, Labour was very nearly wiped out in June 1983, when its popular vote shrank to 8.5m. The Liberal/Social Democratic alliance attracted 7.8m votes. Labour's share dropped to 27.6 per cent, lower than in any election since 1918. Mr Michael Foot, then leader of the party, wisely stepped down. On October 2 the previously unheard of Mr Kinnock

By 1987 Labour, a shambles under Mr Foot, was in some order. It boasted a smooth campaigning machine. Its pol-icies were not quite so red,

wild and woolly as those of 1983, hut they continued to include widespread nationalis-ation, unilateral nuclear disarmament, and a distinctly hostile attitude to the European Community. The close ties with the trade unions, not to mention the willingness to meet their every demand, were still in evidence, much as they had been in 1979. The party attracted another 1.5m votes, to make 10m, or just 31

per cent of those cast. It was clearly not good enough. Mr Kinnock did what any competent manager would do. He set out to change the product. Unilater-alism was abandoned. Mem-hership of the EC was enthuslastically embraced. Most thoughts of nationalisation were jettisoned. The lan-guage of the market was,

The Labour party may have became social democratic 20 years too late

gingerly, introduced. The ties to the trade unions were deli-cately loosaned. Extreme left-wing militants were vili-fied and expelled. The upshot is that what was a socialist party has became a more or less social democratic party. The renewed and repack-

aged Kinnock party has been skilfully managed. Its presentational expertise, built up hy its legendary former director of communications, Mr Peter Mandalson, has become the envy of the other parties. Mr Mandelson has moved on, but his machine has continued to turn over. Until a few weeks ago the result was that Labour could convince itself that it might very well form the next government. It had a long run of poll scores show ing 40 per cent or more of the electorate willing to vote for it, and it thought it could count on an equally long run of Conservative misfortunes continuing until voting day. Now the polls are turning in the Conservatives' favour. Why? We know the factors working for the Tories - the return of some economic optimism, the skilful exploitation by Mr John Major of his role on the world stage – but is

people are talking ahout Labour "peaking too soon".
Others, myself included, ruminate about the end of socialist thinking following the dissolution of the communist empire. We wonder whether the Lahour party hecame social democratic 20 years too late, whether liheralism is now the natural counterpoint to conservatism.

There is another, more mundane, view. It is that all the above is commentators' eyewash. This down-to-earth assessment starts with the Monmouth by-election, which the Tories lost on May 16. A Conservative majority of 9,350 in 1987 became a Labour majority of 2,406. The 13 per cent swing against the gov-

cent swing against the gov-ernment was enough to put Labour into power with a comfortable majority.

At that time the Labour publicity machine was work-ing well. The Conservatives, by comparison, seemed like hnmhling amateurs. After Monmouth the Tories took fright while Labour became fright, while Labour became complacent. Mr Major appointed four close colleagues to meet daily to plan campaign strategies and man-age the news. The canny Mr John Wakeham enhanced the team. Labour continued with its constant series of launche and presentations hut the steam seemed to have gone

out of them.
The Tories were thus well placed to make the best of the extraordinary events of Augost, which thrust their prime minister into the limelight, Labour seemed unable to cope, particularly while Mr Kinnock was on holiday. There has not been a com-plete reversal. Labour may be less well co-ordinated than it was, but it is neither humbling nor amateurish. The party is not, however, currently matching the Conservatives' performance

If this view is correct Mr Major should not even think of a November election. For there could be another rever-sal of fortune, this time in Labour's favour. I believe it will be difficult for the party to recapture its former momentum, but it will have a chance to do so at the forthcoming conference in Brighton Mr Kinnock may be down, but he is not out, not

#### Minorities and independence for Ukraine

From Mr Eugene M. Inancia. Sir, Edward Mortimer, in his article, "A fair deal for minorities" (September 4), fails to recognise a number of signifi-cant points in his comments about the Ukraine

First, the Ukraine has a large Russian minority. While Russians comprised 6 per cent of the population of Ukraine in 1949, it is 22 per cent today. Yet Ukrainians still comprise a majority in every oblast (politi-cal division) in the Ukraine except the Crimea. The Soviet government tried to destroy Ukrainian national identity by the very "acts of genocide" and "mass expulsion" which Mr Mortimer wishes now to avoid. Second, there is no indica-

tion that Russians in the Ukraine feel threatened hy Ukrainian independence. Volo dymir Gryniov, the Ukrainian parliament vice-chairman, is ethnically Russian, a member of the democratic opposition, and a atrong supportar of Ukrainian independence. Third, on November 19 1930,

the chairmen of the Russian and Ukrainian parliaments, Boris Yeltsin and Leonid Kraychuk, respectively, signed a treaty which both parliaments have ratified. Mr Yeltsin's warning of renegotiation of borders violates article 6 of the treaty which committed the parties to "respect the territorial integrity of the Ukrainian SSR and RSFSR inside the bor-

ders presently existing".
Fourth, there is a significant Ukrainian minority population within other republics, including more than 1m Ukrainians in Moscow. I have yet to hear chairman Kravchuk or "his spokesman" reserve the right to renegotiate borders to protect their rights.

The issue is democracy and self-determination. As history demonstrates, an imperialist Russia is as much a threat to the Ukraine's independence as is a communist Soviet Union. Eugene M. Iwanciw. Ukrainian National Association. Inc.

400 North Capitol Street, NW. Washington, DC 20001, US

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#### Plea for full information Academic view for all shareholders

Sir, Your report ("Clumsy attempt at passing the hat", September 12) on the reaction hy institutional investors to the results of and rights issue hy BAe hrought out, once again, the question of what, when, and how share price-sensitive information should be made available by companies. You reflected the prevailing view that there is a privileged group of shareholders called institutional shareholders who have a right to foreknowledge denied to other investors.

If the London capital market is not to descend further into the mixture of "old boys' cluh" and "yuppies' nursery" it is in danger of becoming, such assumptions must be questioned lt may be perfectly proper to criticise company chairmen for issuing inappro-priate bullish annual reports and doing little between these annual events to keep investors informed. It is not proper to encourage companies to supply information to institutional investors that they are not prepared to place in the public domain.

The capital market is already hent to favour the institutional investor in ways that will lead eventually to the

From Mr R F Cross claim (Lombard, September 12) that the Channel tunnel is irralevant for northern England's business community is incorrect. The Humber ports are ideally situated for certain European traffic and their revival, which owes much to the demise of the National Dock Lahour Scheme, is good

For journeys to much of Europe, the Channel tunnel, and the fast freight routes it will provide, will be the north'a life-line. Wakefield to Turin in 25 hours, for example, will pro-vide hig opportunities for northern husiness. That is why it is vital that planned intermo-

in the City demise of the individual share-holder. The spectre of having to pay the institutional pre-From Mr William Wallace.

mium for the opportunity of investing in British industry is not one I relish. The performance of institutional inves-tors in the past few years, despite their access to privi-leged information, is not one of which they should be proud. A look at any list of investors in some of the more spectacular financial dahacles of recent years will give some idea of tha quality of investment manageprofessorial to the sergeant.

I, like others, have responded by travelling the

Until we are treated to the luxury of realistic quarterly reports and appraisals of future prospects by companies to all shareholders we are likely to continue to face the 20 per cent fluctuations in share prices such as that of BAe in tha first 10 days of September. In the meantime we will pre-sumably continue in the Mickey Mouse world where the financial management of Brit-ish industry is run via whispers in high-class restaurants between over-privileged investment gurus.

ment currently deemed accept-

R Turner, 4 Cheltenham Street, Old Basford, Nottingham, NG6 0ES.

#### Channel tunnel to the north

Sir, Ian Hamilton Fazey's news. Improved trans-Pennine links will ensure the north-west shares these bene-

dal freight villages are in operation when the tunnel opens.
Road freight, via the Eurotunnel shuttle, will carry many

of the north'a exports. For this reason the M25 improvements

are as vital to us as to the R F Cross, regional director, Freight Transport Association, Springwood House, Low Lane, Horsforth, Leeds LS18 5NU

From Mr James Towler.

Sir, Ian Hamilton Fazey made a good point when he implied that the Channel tunnel could prove a boon to the port of Hull as northern England's gateway to Europe. However, the north-west CBI's case for "two new trans-Pennine motorways" seems flawed when there is capacity on existing trans-Pennine rail routes and scope for expansion by reinstating the Woodhead route where the tunnel was built to Bern gauge standards. James Towler 25 Moseley Wood Lane, Cookridge, Leeds LS16 TER.

# of low value

Sir, Over the last decade academics have been exhorted to get out of their ivory towers and sell their skills in the market-place. To give us added incentive, the real value of our salaries has been reduced to a point where the lecturer scale approximates to the metropolitan police constable scale, the

world to consult and to lecture, for valued fees, to American, German and Japanese compa-nies and government agencies. Our students bear part of the cost of this, of course, with university teachers absent during terms, but it could be argued that they gain from the greater familiarity of social scientists with the policy world and of scientists with research appli-

cations elsewhere. As a specialist on European international politics I have had many contacts with the business and policy communi-ties. Among these, contacts with City institutions have

In the spring of last year a leading stockbroker asked me to hrief a large group of its staff on the implications of developments in eastern Europe for west European political and economic interests. Inquiry as to the fee met with puzzlement, they offered, I was told, an excellent lunch "and the opportunity to make some interesting new contacts"

This summer a firm of City solicitors invited me to brief 40 of its staff on the European Community's current policy agenda. On quoting a fee equiv-alent to what the British government offers lecturers to its top management course I was informed that this was "rather out of line", and asked "whether you would be willing to reduce your fee on this occa-

Can any of your readers explain why some in the City still believe in a free lunch, or why the academic world should accept lower fees from them than from the public sector or from their foreign competitors? William Wallace, European Studies Centre,

St Artony's College, Oxford QX2 6JF

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# **FINANCIAL TIMES**

Tuesday September 17 1991



Victorious democrats demand direct voting for all seats in Legislative Council

# Hurd vow to Hong Kong on elections

By Robert Mauthner, Diplomatic Editor, in London

BRITAIN will work for a progressive extension of mocracy in Hong Kong over the next few years following the sweeping victory by demo-crats in the colony's first direct elections, Mr Douglas Hurd, the British foreign secretary.

said yesterday. It is understood that the British government will seek, at a propitious moment before 1997 when Britain is due to transfer sovereignty over the colony to China, to renegotiate elements of the Hong Kong constitution relating to direct

The government's aim would be to increase the number of

directly elected representatives in the Legislative Council (Legco) allowed under the Basic Law for Hong Kong, the constitution negotiated between Beijing, London and

the colony.

Under the present provisions in the Basic Law the directly elected seats will be raised to 20 in 1995 and 30 in 2003, only half the total number.

The United Democrat party and its liberal allies, led by Mr Martin Lee, won 16 of the available 18 seats. But Mr Lee immediately made it clear that he wanted all 60 seats of Legco he wanted all 60 seats of Legco to be directly elected. The remaining 42 Legco members

are either nominated by the colony's governor or elected by

professional groups.

Addressing a conference in
London on the future of Hong Kong organised by the stock-broker Smith New Court, Mr Hurd said the British govern-ment had two main aims: It wanted to see steady progress towards a greater degree of direct elections in Hong Kong, and it wanted this process to be sustained without interrup-tion after the transfer of sover-eignty to Beijing in 1997. Mr Hurd said that Mr Martin Lee and his allies fought a

lively campaign based on a call for faster democracy. "I hope

that the Chinese government, having acquiesced in this step forward into direct democracy. will come to terms with the

However, the Hong Kong election result received a much less enthusiastic welcome from the Chinese government's rep-resentative at the conference. Lu Ping, director of the Hong Kong and Macao Affairs Office of China's State Council, said that Mr Lee's victory was a very controversial figure, "even in Hong Kong," and that his victory could not be taken as representing "the polltical orientation" of the tarritory.
"I think the development

towards democracy should be a gradual process," be said. "It will require a period of time."

Yet in most other respects, Lu Ping gave a very reassuring picture of Beijing's attitude to the future of Hong Kong. Mr Lu Ping stressed that Deng Xiaoping's remarks in 1984 to Sir Geoffrey Howe, then British foreign secretary, that Hong Kong's prosperity and stability could be guaranteed only by the continuation of its capitalist system, remained as true today as they were at the

Background, Page 4 Editorial Comment, Page 20

#### Senate rejects treaty extending American leases on naval and air bases

# Philippines vote to evict US military

THE PHILIPPINES Senate voted yesterday to evict the US military from the Philippines. The vote came on the day a 25-year lease allowing US use of defence facilities in the

The upper bouse rejected by 12 votes to 11 a treaty extend-ing the US lease of Subic naval base by 10 years and Clark Air Base for another 12 months. Approval of the treaty would have required a two-thirds

majority, or 16 votes.
In spite of losing its legal mandate, Washington did not immediately announce a withdrawal, prefering to mark time as president Corazon Aquino manoeuvres to try to overturn the vote via a referendum.

"We stand fully behind the presideot and her continuing effort to put in place the new treaty," said Mr Stanley Schrager, US embassy spokesman. "In view of the referendum that Mr Acuino her effected for that Mrs Aquino has called for In December, plans to close Subic oaval base and Clark Air Base are on hold."

Base are on hold."

In Washington, the State
Department said it was disappointed by the vote, adding:
"We support Mrs Aquino's
efforts to find a way for the
Philippine side to ratify the
agreement. Obviously with the
Philippine Senate's rejection of
the agreement we will be
looking more closely at the
necessary preparations for necessary preparations for

Mrs Aquino vowed on Sunday night to gather 3m voters' signatures, which she says are enough to authorise a nationwide refereodum under an untested "people's initiative" law. Mrs Aquino was also to bold an unscheduled cabinet meeting today on the referen-dum issue, where she is also

expected to face opposition.
Constitutionally, her stand is open to question. The 1986 constitution she helped put in place has a strong anti-bases bias. It specifically bans foreign troops on Philippines soil beyond 1991 if their presence is not the subject of a Senate-rati-

By Hugh Carnegy in Jerusalem

MR James Baker, the US

secretary of state, yesterday held more than three hours of

talks in Jerusalem with Mr Yit-

zhak Shamir, the Israeli prime minister. The talks centred on

the planned Middle East peace

conference and the row between Israel and the Bush

administration over US loan

guarantees to fund Soviet Jew-ish immigration.

Mr Baker later met Palestin-



fied treaty. Should the treaty pass the Senate, the people are

specifically given a further say, but not if the upper bouse

rejects such a pact.
Polltically she is stronger, having the electoral machinery to push a vote in a population

outside the capital at least

which has a continuing
affection for the American GL

Shamir, the prime minister, said before Mr Baker arrived

that President George Busb

had harmed the peace initia-tive by insisting that the loan

guarantees - to cover \$10bn in

borrowings - should be delayed until after the peace

Demonstrators greeted Mr Baker with a volley of toma-

toes which managed only to hit

Ban the bases: Masked Filipino demonstrators rally against the US bases treaty If the treaty is not ratified, Manila stands to lose tens of

thousands of jobs, at least \$2.2bn in payments for the bases, lucrative trade access arrangements and possibly a plan to restructure \$5.3bn of foreign commercial debt.

Baker sees Shamir on peace talks and loans

tor of the office of Mr Yitzhak mir and other senior ministers.

Those opposed to the treaty say the pact contravenes antinuclear and anti-war provi-

Mr Sbamir has refused to accept any link between the

peace process and the loan

guarantee request. He is anxious to avoid any US attempt

to use financial pressure to

extract political concessions.

Israel radio reported after an

initial meeting between Mr Baker and Mr David Levy, the foreign minister, that they

agreed that the peace initiative should not be allowed to col-lapse over a separate issue. It was Mr Baker's seventh visit to Israel since he set out

sions in the constitution

"It's as though the Cold War was not yet over," Senator Jov-ito Salonga, the Senate presi-dent, said of the treaty, adding: "September 16 1991 may well be the day when we in this Senate found the soul, the true spirit, of the nation."

to achieve a breakthrough in

the Arab-Israeli conflict shortly after the end of the Gulf war.

Apart from the loan guaran-tees, Mr Shamir was seeking

written assurances from Mr

Baker on a number of proce-

dural concerns about the pro-posed peace conference. Mr Baker's hardest task is to rec-oncile Israel's demand that It

can veto Palestinian delegates to the talks and Arab demands that the Palestinians choose

their own representatives with-out interference from outside.

# government

SWEDEN'S Social Democratic government resigned yester-day after its heavy defeat in the general election on Sun-day, but Mr Ingvar Carlsson, the Social Democratic prime minister, agreed to stay on in a caretaker role until a new non-socialist government can

hold 195 seats between them in the 349 strong parliament against 154 for the left block made up of Social Democrats

fortable non-socialist majority is deceptive. As many as 25 of its seats are from the populist rightwing New Democracy and some of the other non-socialist parties are refusing to Join together in a government if this means co-operating in any way with New Democracy. Without New Democracy's support the non-socialist block is five short of an overall par-

liamentary majority.

The speaker of the parliaresponsible for facilitating the formation of the Swedish government, met the party leaders

ist government is not expected to be able to take office before October 3 or 4 at the earliest,

share prices fell in early trading but picked up later in the day, although the general index was 0.9 per cent down on the day.

Wind of change, Page 3

Mr Carl Bildt, leader of the conservative Moderate party. is expected to try to form a coalition government within the next few days to avoid any political instability. The five non-socialist parties

ment within three weeks, but his task could be made very difficult if his close ally, Mr Bengt Westerberg, the Liberal leader, continues to insist that his party will not serve in any its majority on the support of

liament as usual yesterday, said be still hoped to form a non-socialist minority coalition, although the election result had made that outcome much harder to achieve. It is possible the Christian Demo-crats would be ready to join a non-socialist coalition govern-ment, but only if the Liberals agree to this.

Both sides of Swedish indus-

On the Stockholm bourse

# **Swedish** resigns after

But what looks like a com-

one by one yesterday.

The new parliament is due to elect a speaker on September 30 and to be opened the following day by King Carl Gustaf XVL But a non-socialwith a debate on its administrative programme due six

days later.

Moderate party leaders hope
Mr Bildt will have formed a
non-socialist minority govern-

New Democracy.
The Liberal party executive is due to meet on Friday to discuss its next move and it will come under increasing pressure to drop its objections to New Democracy and join the Moderates in a coalition. Some prominent Liberals have complained about Mr Westerberg's attitude.
Mr Bildt, who cycled to par-

try reacted predictably to the result. The employer organisa-tions welcomed the prospect of a non-Socialist administration for business, with the prospect of tax cuts on capital, more privatisation and reductions in public spending, while some union leaders warned of the dangers of labour conflict

# poll defeat By Robert Taylor

The main risk for Hanson is of the former Koppers' chemi-cal businesses, which prompted a £267m reserve two years ago. Some feared that this problem - which is cost-ing about \$30m a year - made Beazer virtually unsaleable. Assessing the net present value of these liabilities, however, is the sort of calculation

Ratners

Ratners' interim figures are more encouraging than a pre-tax loss of £17.7m initially sugnish evidence that customers are frequenting its shops as regularly as before. UK sales are down, but that is because recession-hit consumers have been buying cheaper items. Tighter financial controls are producing operational efficien-cies, although why these took affordable multiple. There may be more scope in pet food or

# Hanson homes in on Beazer

THE LEX COLUMN

so long to introduce is still a mystery. Salisburys improved enough to suggest it is no lon-ger a basket case. In the US,

progress at Kay was solid.
Admittedly, Ratners' fixed
costs rather caught up with it

in the first half, but group for-

tunes have always largely depended on a brief trading period before Christmas. The unusual uncertainty over shopping habits this year makes forecasting the full-year perfor-

mance a mug's game.
The big question is what yes

terday's maintained interim dividend signalled. The shares already yield more than 10 per cent, but the prospect of a divi-dend cut would undermine that case for buying them. Rat-

ners needs to make around £70m pre-tax to avoid paying a partially uncovered full-year dividend. There are plenty who would not bet on it achieving

The hard part is yet to come for Dalgety. Two years of reor-ganisation have produced a focused, slimmed-down com-

pany with a strong balance sheet. The further write-downs against the remaining investment in Dalgety Farmers mean there should be no further shocks from there, even though the situation in Australia appears to be going from

lia appears to be going from bad to worse. In its present form, the company should be

able to turn out solid, if unin-

spiring, earnings growth over the next few years.

ratio leaves plenty of room for expansion via acquisition, pre-

sumably elsewhere in Europe

where the group is under-rep-resented. Dalgety would be lucky indeed to find anything in the snacks sector at an

Dalgety

Beazer

lt would have been a dull old year without Lords Hanson and White, and who can be certain that the excitement is over. Yesterday's agreed offer for Beazer obviously makes a bid for ICI even less likely in the short term. Bear in mind, though, that Hanson is using less than 10 per cent of the borrowing capacity permitted under its articles, and that it successfully devoured two very large mouthfuls (Imperial Group and SCM) as recently as

Beazer shareholders will no doubt be relieved to take the money and run. The price tag of £350m looks paltry beside of £350m looks paltry beside net assets of more than £1.2bn at the end of June — but then Mr Brian Beazer has not been the first to discover that book value and the real world are very different places. The market has clearly not been taking the valuation seriously, the group's earnings have virtually appropriate the serious of the property of the serious of the place of the serious of the ser group's earnings have virtually collapsed, and Beazer's heavy financing costs severely inhibit its ability to take a tilt at the upturn as an independent com-

The more pertinent question is whether this acquisition will revive Hanson's dull stock market rating. On the plus side, Beazer brings a solid chunk of cyclical earnings, is chunk of cyclical earnings, is unlikely to dilute earnings even temporarily, and offers immediate scope to refinance expensive debt. One cannot quite picture Hanson the housebuilder, but in 12 months' time the neatly packaged CHB may well be able to fetch a better price than the £400m-£500m being talked about at the moment.

The main risk for Hanson is

which has earned Lord Hanson his substantial following.

ingredients, though here again it will have to be selective to ensure that any eventual pur-FT-SE Index: 2,806.0 (-19.8)

chase actually enhances earn-ings potential. At 423p, the shares are trad-Share price relative to the FT-A All-Share Index ing on an undemanding his-toric multiple of less than 12 it is hard to see a significant rerating until an acquisition on the table.

UK economy

Yesterday's retail sales and manufacturing output figures once again contain an uncertain message. After two strong months, retail sales in Augus months, retail sales in August fell by more than expected, but not so far that talk of a gentle upward trend must be dis-counted – consumers might feel less bad, but do not yet feel good. On the face of it, any discounters on that score disappointment on that score should have been more than counteracted by the 0.8 per cent jump in July manufacturing output. All sectors enjoyed output above their recessionary lows. But tighter control of stocks and wages means pro-ductivity should be running ahead, benefiting company profits and core inflation. Instead the figure fell in July by as much as output rose. It

#### Morgan Crucible

looks more than ever like a sluggish recovery.

On the surface, a 7 per cent increase to £28.5m in first half pre-tax profits suggests Morgan Crucible has weathered the recession rather well. There is no sign of the accounting devices which detracted from the presentation of its from the presentation of its full-year results in April, although operating profits include some £7.3m from acquisitions this year and last, and the company gives no clue as to how far the first-half figures bave been struck after drawing on provisions. So investors cannot be sure whether the underlying picture is quite as good as that suggested by an 11.5 per cent overall operating

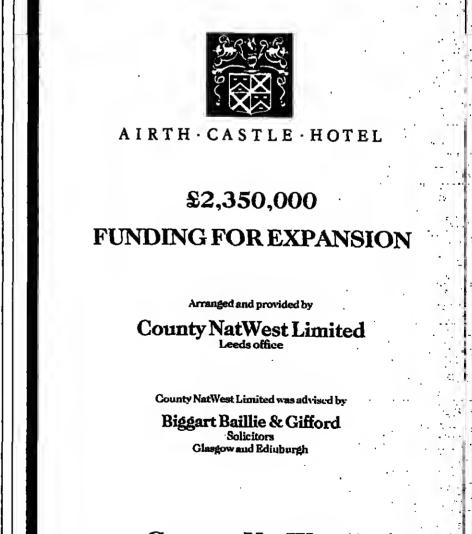
margin.

The company says it has now overcome its addiction to rights issues. The proceeds of April's call are still largely unspent, though a medium-sized US purchase for the tech-nical ceramics division appears

But Morgan Crucible still has something of a credibility problem with its strategy of cornering piche market share by acquisition. That probably explains why the shares are only on a historic multiple of 11, even after their recent

COS STORY

at the same of



#### Soviet central bank to go

ian representatives and was expected to resume talks with the Israeli side today.

Mr Yossi Ben-Aharon, directions and was expected to resume talks with the Israeli side today.

The disputa was set to figure prominently in Mr Baker's talks last night with Mr Sha-

Continued from Page 1

London yesterday, but was more forthcoming on resched-uling the Soviet foreign debt, which he described as "an idea that crossed peoples minds but which it would be better to

He told a meeting of bankers from east and west Europe organised by the Vienna Council an east-west business association, that "it would be better to come to a solution where rescheduling was not neces-

sary". However, he said, the Soviet Union faced a liquidity squeeze which had to be dealt with. This followed a Rbs9.3bn fall in

WORLDWIDE WEATHER

reserves this year (equivalent to \$15.5bn at the artificial "commercial" rate of exchange) because of non-

renewed credit lines and declining foreign trade. Mr Gerashcbenko appeared to rule out a rescheduling approach to commercial banks, especially Japanese and US banks which he accused of "unfriendly behaviour" during last month's failed coup attempt. Instead, he suggested that the main governmentbacked export credit guarantee departments such as Coface, Hermes and the ECGD might "think of postponing" repayment of debts falling due in 1991 and 1992. Continued from Page 1

This course of action is viewed as preferable to selective hombing of Iraqi sites since it can be justified as enforcing existing UN resolutions. Renewed military action - even under UN auspices - would be much more controversial and could

damage other US goals such as a Middle East peace conference.
The UN teams have been seeking access to Iraqi chemi-cal, nuclear, biological and ballistic missile sites. Their task was made more difficult after it was disclosed that Iraq's

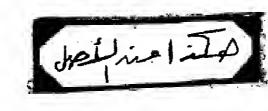
nuclear weapons capability was much more advanced and

Armed escorts for UN

requested use of helicopters was an unacceptable breach of Iraqi sovereignty.
Mr Brent Scowcroft, Mr

extensive than first thought. iragi newspapers have regu-larly denounced the work of the last nuclear inspection team, charging that its goals were political and that the

Bush's national security adviser, said at the weekend that the US would not rule out using troops if Iraq failed to comply with existing UN reso-lutions. "We're looking at it, and we take it very seriously," be said, "and we think it is important that Iraq comply with the resolutions of the Security Council"



Morgan Crucible sees

believe the US will be the first out of the reces-

Nike, the US shoe and clothing maker, yester-

day announced record first-quarter earnings in spite of enalysts' forecasts of a fall in profits.

German farmers head east

While German workers from the east flood

Rugby declines by 21%

Philippine SE falls

across the old border in search of jobs, many farmers from the west of the country are head-ing in the opposite direction. Page 34

Rugby Group, the hullding materiala company which supplies about one fifth of the UK'a coment market, auffered a 21 per cent decline in Interim profits. Mr Peter Carr, managing

director, said lower UK interest rates had not come in lima to benefit the group. Page 32

PepsiCo to take \$100m charge

The Philippine stock market fell yesterday,

military from the former colony. Page 45

Pacific Dunlop falls 20%

ahead of the formal vote late last night by the country's senate in favour of evicting the US

Pacific Dunlop, the Australian Industrial group,

yesterdey reported a 20 per cent fall in net profits to A\$240m (US\$190m) for the year to the

end of June, on revanua down 2.5 per cent to

Ransomes, the UK grass machinery manufac-

The year-long slump in the Modam and Impressionist art markets sent Christie Interna-

London traded options London tradit options

Managed fund service

World commodity prices World stock mist indices

Money markets New Int. bond issues

Lopex MEPC Malayan Utd Ind Medeva

Morgan Crucible

turer, passed its interim dividend as it incurred

Ransomes passes dividend

Christie's remains optimistic

tional's Interim pre-tax profits down from £40.1m (\$67.76m) to £3.0m. Page 33

a loss. Page 32

Market Statistics

Companies in this issue

FT Int bond svce

Financial futures Foreign exchanges London recent issues

Assoc British Foods

\$6.34.3

Milanille

PeosiCo, the US food

and soft drinks group, is

to cut 1,800 jobs from its

Frito-Lay snecks unit, accounting for most of a

against earnings when it reports third-quarter

sion" he added. Page 30

Record run for Nike

Acquisitions helped Mor

signs of Improvement in North America. "We

no early UK upturn

# **FINANCIAL TIMES** COMPANIES & MARKETS

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C THE FINANCIAL TIMES LIMITED 1991

Tuesday September 17 1991

INSIDE Frankfurt reputation hit by fresh allegations of bourse misconduct

maker, to a 7 per cent FIVE EMPLOYEES of Dresdner Bank, the second-largest German bank, have resigned following Its for the six months to June. Mr Bruce Farmer allegations by the management that they had violated bank rules (left), chief executive, was pessimistic about

transactions.
The resignations from within the Eurobond new issues depart-ment and a section which co-ordinates sales of securities through the hranch network, coincided with the announcement that the Frankfurt bourse's insider commission has terminated an investigation into Deutsche Bank, Germany's largest hanking group, without discovering rula violations. The staff departures at Dresdner add to the scandal It has also added to worries about the adequacy of supervi-sion of the finance industry in During the Deutsche Bank

inquiry, sparked by an anony-mous letter alleging widespread ahuse in its securities depart-ment, the bank dismissed its chief equity warrants dealer. Frankfurt city prosecutors are

cases of possible fraud by dealers at various banks and brokers. that the grounds for dismissal did not constitute a breach of did not constitute a hreach of

Meanwhile, Deutsche Bank indicated it intends to introduce an "Anglo-Saxon" code of conduct, under which traders will be severely restricted in trading on

Shortly after the insider investigation began, Deutsche banned dealers from trading for themselves in the securities in which they deal for the bank. More far-reaching changes are expec-

There are no criminal penalties for insider trading in Germany.

However, the current controversy has added urgency to efforts in Bonn to draft legislation comply-ing with the EC directive on insider trading. Supervision of the voluntary

insider code drawn up hy banks and industry rests with separate commissions at the eight regional stock exchanges which operate within a narrow framework and possess few legal powers of

In the AEG case in 1986 it was the supervisory board member himself who admitted to trading on advance information of the company's sale to Daimler-Benz.

**Barlow Rand** agrees sale of steel alloy producer for R1.07bn

By Philip Gewith in Johanneshurg

ANGLO AMERICAN and Gencor South Africa's two largest mining houses, are paying R1.07bn (\$378m) to acquire Middelhurg Steel and Alloys (MS&A), the stainless steel and ferro-alloys producer. MS&A is owned by Paylow Payl

Barlow Rand, the conntry's industrial flagship.
The deal will bolster South Africa's dominance in the world ferrochrome market and enhance ing stainless steel producer. It also marks a further retreat hy Barlow Rand from mining and

mineral processing.

MS&A's ferro-alloy operations. with the chrome interests of Bar-low Rand, will be acquired hy Samancor, a Gencor subsidiary, for about R575m. This will be funded by Samancor issuing 22m new sbares at R27.75 each.

One half of these new shares will be taken up hy Anglo Amer-ican and its associate De Beers. raising their interest in Saman-cor from almost 25 per cent to almost 28 per cent. Genmin, Gencor's mining and minerals arm, will take up the remainder. MS&A's stainless steel inter-

bissed in the proposed Col-mins project, a 50-50 joint ven-ture between Highveld Steel, an Anglo American subsidiary, and Samancor. Highveld will finance its 50 per cent acquisition hy issning 16m shares at R15.65 each while Samancor will pay

for its 50 per cent in cash. Samancor's ferrochrome capac ity will be lifted by the MS&A acquisition to about 1m tonnes a

year from 640,000 tonnes. Mr Brian Gilbertson, executive chairman of Genmin, said this would lead to closer ties with its customers, the world's main steel producers, who preferred to deal with large suppliers. Be hoped the deal would boost the weak world ferrochrome price hecause Samamcor would rationalise production.

The deal also means the Columbus project will benefit from the synergies hetween MS&A's expertise in the production and marketing of stainless steel as skills. Also, MS&A's existing plant can be used as a founda-tion for Columbus bringing possible capital cost cuts of between R500m and R1hn from an envis

Barlow Rand announced its intention in May to reduce Its stake in MS&A because the volatility of its commodity-based earnings was tending to over-shadow the performance of the group's core industrial interests.

# Five Dresdner trading staff resign

gan Crucible, the UK industrial meterials governing honds and equities any UK upturn, but said there were already

which has been growing in the Frankfurt financial community during the past three months.

examining at least 150 cases of possible tax evasion and two

The Dresdner case arose in the course of internal investigations indirectly sparked by the Deutsche case. Dresdner said it had found evidence that two directors and three other employees had broken internal rules and the five subsequently handed in resignations at the end of last week. The names of the employees were not

issues before making allocations to customers. Dresdner stressed

There were allegations yester-day that they had reserved paper for their own account in new

ted soon.

Richard Gourlay, Roland Rudd and Nikki Tait report on Hanson's acquisition of Beazer, the UK builder

# Another casualty on the US highways

n the mid-1980s, Mr Charles
Pullin, chief executive of
Koppers, the US building
materials group, bet his company
on an upsurge in spending to
replace America's crumbling
roads, bridges and public works.
He lost; in June 1988 his company
was bought for \$1.7bn hy Beazer,
of the UK.
In turn, Mr Brian Beazer

In turn, Mr Brian Beazer thought the fortunes of his merged group would be secured by US infrastructure spending. He was wrong. His £1.2hn (\$2.07bn) of debt, much of lt (\$2.07bn) of debt, much of It taken on to buy Koppers, forced him to plan to dismember his businesse, then abrupily reverse course yesterday and sell it to. Hanson in a £351.4m recommended offer.

But a good story never dies. Now, Mr Martin Taylor, Hanson's vice-chairman, listing the virtues of the deal, gives pride of place to a forecast upturn in American

forecast upturn in American infrastructure investment.

Less than two years ago, close to the height of the market, Han-son sold four ARC huilding materials companies in the US for \$650m. Now, as the Beazer pur-chase hrings it ownership of America's second largest aggregates company, there are a raft of public policy pronouncements that anggest that federal and state infrastructure spending might he about to start rising

Hanson's timing of its move back into building materials will prove justified if US federal, state, and local governments are able to squeeze a few more dol-lars out of their dwindling trea-

suries for their public works.

That is a big if. But the timing of Hanson's move to take over Beazer, at any rate, cannot be faulted. Only last Tuesday, Beazer was still anticipating reducing its debt through a flotation of CHB, the UK house building company which was the mainstay of the group's rapid growth in the

Beazer's realisation that dras-tic action would be required to solve its problems dates back to March. Mr Beazer and his then deputy chief executive Mr John from County NatWest, tha com-



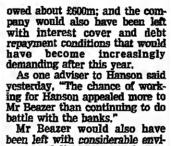
Lord Hanson: betting on an upturn in the US pany's adviser, agreed that all was not well. In particular, shareholders did not understand the Anglo-American approach of the

company. They were left asking whether Beazer should best be seen as a US- or UK-based company. The ohvious answer was to divide the company into two. But Mr Beazer feared the drawbacks of that approach outweighed the advantages. By putting a price on the separate businesses Beazer

would become more vulnerable to a hid. At about the same time, Lord Hanson first mentioned to an adviser that he was interested in Beazer. But he only asked NM Rothschild, his merchant bank, to look seriously at the deal in June, after Beazer's banks forced Mr Beazer to reduce his borrow-

ings hy floating off CHB.
The CHB flotation, shelved, would have raised about £450m. That would have solved Beazer's immediate need for cash. The latest of a series of reschedulings with hanks, announced last week when Bea-zer announced a 43 per cent fall in pre-tax profits to £60.6m last year, required Beazer to repay

ahead, Mr Beazer would have been left with with no role in the



ronmental liabilities which Beazer inherited with its Koppers investment, and which Hanson will presumably in turn acquire.
These relate to the clean-up costs of about 70 chemical dump sites and a similar number of plant sites in husinesses which now been sold. Beazer had to indemnify the huyer of these businesses for the clean-up costs before the sale could go ahead.

Only two or three plants have reached the clean-up stage and Beazer is in negotiations with the Environmental Protection Agency. Its in-house counsel said earlier this year that things were proceeding at "glacial speed." Beazer has provided £267m against the cost of these clean-up operations and was expecting annual costs of about \$35m.

While the company has always claimed the provisions are suffi-cient, some investors, especially in the UK, have worried the final

liability might be higher.

The stock market in London was quick to calculate that Lord Hanson's ready money was a better bet than Beazer's uncertain future: Beazer shares rose 39 per cent on the news of the deal, to close at 115%p. At their high point, in 1987, they were trading

The market also made the judgment that the Beazer acquisition would lessen Hanson's appe-tibe for a bid for ICI, in which it acquired a 2.8 per cent stake ear-lier this year. ICI shares fell 37p to 1267p yesterday. Though Han-son's appetite for an immediate bid for ICI may have waned over the summer, yesterday's move seemed to say little either way. Hanson's Mr Martin Taylor said that the Beazer deal did not after the group's intentions towards



Brian Beazer: realising the need for drastic action

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Inchcape
Inchcape Berhad 25 Singapore Aerospac 33 Thompson Clive Inv Chief price changes yesterday

# Fermenta unit 'close to' loan deal

SHARE trading in Fermenta and

its finance company subsidiary, Independent, was suspended yesincreasing expectations that a long-term loan package for Inde-pendent will be announced today. Independent has been talking

to a hank consortium about long-term financing of SKr6hn (\$978m) as its credit losses grew due to bad property loans. It reported a loss of SKr120m dur-ing the first four months of 1991. Independent is believed in a stronger position than other Swedish finance companies, such as Nyckeln and Gamlestaden. that have collapsed as a result

It has reduced its outstanding loans from SKr20hn to less than SKr6hn, most of which are in leasing contracts. The credit losses at Indepen-

dent contributed to Fermenta's SKr138m loss during the first four months of 1991. Fermenta is controlled by Industrivarden, the

to resign last week after failing to report certain share transactions to the Fermenta board. owners used the incident to oust

Analysts believe Fermenta's

while reducing its activity in the chemical and antibiotics sector, its original husiness. Independent's problems also caused its other main share-bolder, the Swedish transport

group Bilspedition, to self its Swedish investment group.
Mr Bert Sjolin, Fermenta's chairman, and Mr Bertil Holmberg, chief executive, were forced stake to less than 10 per cent. Fermenta, founded by Mr Refaat El-Sayed, was at the cen-tre of Sweden's biggest postwar

financial scandal in 1986 and has since held an unofficial listing on the Stockholm bourse. After the downfall of Mr El-Sayed, Fermeota was taken over hy industrivarden.

# Ratners Group records £18m interim loss

By John Thornhill in London

TOUGH trading conditions on hoth sides of the Atlantic pushed Ratners, the UK's largest jewellery group, from a £9.3m interim with its Si pre-tax profit in 1990 into a group sales £17.7m (\$10.2m) loss in the six £450.41m. months to August 3.

All the company's UK chains registered sales declines. UK in April when he jokingly turnover dropped by 7 per cent to described one of the company's £231.7m and profits fell from The trading profit contribution from the US rose to £4.6m (£4.5m)

ly-acquired Kay Jewelers, which Ratners Group has integrated with its Sterling chain. Overall, group sales rose from 2370.69m to Chairman Mr Gerald Ratner

created a media storm in the UK products - a sherry decanter selling for £4.95 - as "crap". An apologetic Mr Ratner said yester-day this had had only had a lim-

with the inclusion of the recent- ited impact on sales at the Rat ners chain, which accounts for 250 of the group's 2,500 outlets and a similar proportion of profits. The average selling price for Ratners' goods fell hy 15 per cent as customers traded down.

The group's interest charge rose from £8.47m to £11.16m. The interim dividend was held at 2.4p. Losses per share amounted to 3.9p compared with earnings of 1.2p in the previous year.

# Disposals and low property income hold back Dalgety

By Guy de Jnnquières, Consumer Industries Editor, in London

PRE-TAX profits at Dalgety. the restructured UK foods company, fell to £110.9m (\$187m) from £118.1m in the year to June 30 because of disposals and reduced profits from prop-

However, trading profits from continuing operations rose to £114.6m from £97.4m. on turnover of £3.77hn against £4.63bn last time, though tax and extraordinary items of £38.9m relating to disposals reduced attributable profits to £43.3m against £65.8m last

Mr Maurice Warren, chief executive, said the continuing core husinesses except flour milling had weathered the recession strongly and the quality of profits had

improved. Corporate reorganisation and asset disposals were largely completed. "We are now in a position where we can afford to back our good husinesses," he said.

Increased advertising had helped the company's pet food, crisps and flour businesses increase their share of the UK market, while plants making pet food, snacks and cake mixes bad henefited from

Asset sales reduced net gearing to 18 per cent from 37 per cent, while the ratio of net interest cover rose to 13.7 from

Dalgety has regrouped its husinesses Into four. All improved trading profits except food ingredients, where a deterioration in the flour business reduced trading profit to £25.8m from £27.2m on turoover of £323m, up from £297m. Helped by acquisitions, trading profit of consumer foods grew 28 per cent to £49.7m, on sales of £568m, up from £505m. Pet food sales increased in spite of a decline in the UK market as exports to continen-tal Europe grew substantially. Trading profits on food distribution - principally the US subsidiary Martin-Brower rose 23 per cent to £12.4m on turnover of £1.88bn, down from £2.1bn.

These figures reflected the impact of adverse movements of the US dollar against ster-

ling.
The agribusiness group increased trading profits by 25 per cent to £26.7m on sales of £919m, up from £878m. The Pig Improvement Company produced a record profit, while Dalgety Agriculture improved

Extraordinary items included a £9.7m write-down on the investment in Dalgety Farms, a 29.8m loss on the dis-posal of Dalgety Produce and 29.3m on other disposals. The final dividend was increased to 11.35p, against 11p last time, making 18.5p for the

year against 18.1Sp a year ear-Lex, Page 22 Background, Page 30

# DAF seeks to bolster equity ratio through Fl 250m issue

By Rnnald van de Krni in Amsterdam

DAF, the Dutch truck and van maker, is to raise Fl 250m (\$132m) through an issue of compulsory convertible preference shares. The issue is designed to holster the com-

pany's equity ratios. News of the FI 250m capitalraising exercise follows indications last month that DAF would seek new funds of at least Fl 200m. The company's single biggest shareholder is British Aerospace, with a stake

Other major sbarebolders include the Van Doorne family of the Netberlands and DSM, the Dutch chemicals group.

DAF plans to issue 12.5m preference shares priced at F120 each. The company's ordinary shares closed at F121.60

yesterday on the Amsterdam

Stock Exchange.
The preference sbares will pay a cumulative dividend of 10.5 per cent per year. The shares must be converted into DAF ordinary shares in four

instalments on June 1 1995 through to June 1 1998. The conversion price will be based on DAF's average share price during the preceding April This will be adjusted for the dividend announced in March, and the actual conversion price will also be 10 per cent less than the April trading

DAF is reserving the right to insist on early conversion if there is a fundamental or structural change in the own-ership of its share capital. In this case, the discount on the conversion price will be raised closer to actual trading prices. The share Issue has been underwritten by a consortium of banks led by ABN Amro of the Netherlands. Subscriptions

open in early October. DAF's announcement In August that it was planning a preference share issue coinclded with the publication of first-half figures showing that its net loss bad widened to

Fl 179.1m from Fl 32.1m a year earlier. At the same time, group capital and reserves rep-resented just 23.7 per cent of total assets, against 27.5 per cent at the end of 1990. DAF has chosen cumulenty converhas chosen compulsory conver-sion of the preference shares to underline its desire to return to the usual structure of its share capital by the end of the

The company, which has been hit hard by the recession on the UK truck market, bas predicted that its figures will improve in the second half of

DAF's strong dependence on the UK market is a legacy of its acquisition in 1987 of Leyland Trucks. The sharp con-traction of the UK market in early 1991 and the growth of the German market since that country's unification bave reshaped the European truck market, leading to a decline in the Anglo-Dutch company's overall market share.

#### Porsche to shed 550 workers in next vear

By Christopher Parkes in Bann

PORSCHE, Germany's hard-pressed luxury sports car-maker, bas announced plans to shed 550 workers hy mid-summer next year.

The company said yesterday it had decided to slim its 8.000plus workforce by indirect methods such as not replacing staff who left and by early retirement.
The cnts, agreed with the

works council, were being made in the interests of cost savings and competitiveness, the company said, and in the light of current and mediumterm business prospects.

The announcement followed

a report in yesterday's edition of Der Speigei, the weekly news magazine, which claimed that Porsche was fighting for its life and vulnerable to take-

Results for the first half of the current year were hit hy a drop in exports and the weakness of the dollar. Pre-tax prof-lts feli 13 per cent to DM65m (\$37.3m). For the full year, the company said it expected a slight fall in revenues but a satisfactory result overall.

Production of cars this year,

which has been in steady decline since 1985-86, is expec-ted to be around 27,000 units, compared with 32,362 last year and 53,625 in 1985-86.

#### Allianz appoints new chief to life business

By Katharine Campbell

ALLIANZ, Europe's largest insurer, yesterday announced that Mr Gerhard Rnpprecht has been appointed the new chief executive of Allianz Leben, the life insurance company of which Allianz owns 25 per cent.

Mr Rnpprecht, 42, is a board member of the life company. The present chief executive, Mr Henning Schulte-Noelle, leaves at the heginning of October to bead the Allianz group following the surprise departure of the heir apparent, Mr Friedrich Schiefer.

# British Airways shuffles directors

By Paul Betts, Aernspace Chrrespondent, in Landan

BRITISH AIRWAYS yesterday announced a top management sbuffle following the resignation of Mr Liam Strong, the airline's director of marketing and operations, who will take over later this week as chief executive of a large husiness believed to be in the UK retail-

ing sector.

Mr Strong said he was leaving BA to become chief executive of a company with sales of £2bn a year. He declined to disclose the name of the company he is joining.

Mr Robert Ayling, BA's company secretary and legal director, is taking over Mr Strong's

Both Mr Strong, aged 46, and Mr Ayling, aged 44 - as leading members of BA's top man-

agement team - have been

regarded as candidates for the joh of chief executive at the Mr Strong joined BA in 1988 from Reckitt and Colman, first as director of marketing and then as head of marketing and airline operations when the two functions were merged. The job involves responsibility

for day-to-day operations of the airline and marketing, a work-force of 29,000 people, a budget

of £3hn (\$5hn) a year and

Picking top people: Sir Colin Marshall (left) and Lord King claim management moves have avoided disruption

annual sales of more than

But the opportunity to become chief executive of a company is very hard to turn down," said Mr Strong. Apart from Mr Ayling's appointment, the departure of Mr Strong has led to the reshuffle of other senior posi-

Mr John Watson is taking charge of buman resources in addition to his existing job of information management; Mr Mervyn Walker is returning from the Galileo computer reservation system group to take over as legal director, and Ms Gail Redwood steps up from deputy company secretary to company secretary.

Sir Colln Marshall, BA's deputy chairman and chief executive said the internal manage-ment shuffle had enabled the company to avoid any radical restructuring and disruption of its management.
Lord King, BA's chairman,

said the most significant appointment was Mr Ayling's move to the marketing and

operations job.
Mr Ayling was a government official specialising in atlation and trade affairs before joining BA in 1985, initially as legal director in the company's run up to privatisation. He has been closely involved in RA's international and domestic negotiations on civil aviation

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• The announcement of BA's management shuffle coincided with reports from Brussels yes-terday that Sabena's negotiations to find a strategic partner for the Belgian national airline had progressed further with Air France than with BA. Talks with BA were still con-tinuing but with little prog-

The loss making Belgian air line is seeking a partnership with another international carrier as part of its recovery

INTERNATIONAL COMPANY NEWS IN BRIEF

#### St-Gobain buys German company

SAINT-GOBAIN, the French glass and construction materials group, has purchased HTK, the German maker of recrystallised silicium for the ceramics industry, for an undisclosed price, AP-DJ reports from

Saint Gobain said HTK, based near Sarrebruck, bad annual revenue of DM10m (\$5.7m).

The French company also announced that Its ceramic fibres unit, Kerlane, signed a letter of intent with Siko Union, the leading ceramic fibres company in Czechoslo-

The deal gives its Lesni Brana unit access to Kerlane's production technology. Ker-lane also would acquire 67 per cent of Lesni Brana's ceramic

■Philips Electronics said it would appoint Mr Stefano Marzano as bead of industrial design operations, AP-DJ reports from Eindhoven. He will replace Mr Robert

Blaich, who will retire, Philips gave no reason for Mr Blaich's Mr Marzano, who joined Philips in 1978, was design manager for Philips' domestic appliances in Italy when Philips formed a joint venture with

Whirlpool of the US. ■ Mosvold Shipping, the Norwegian shipping and offshore services group, has decided to sell its shipping activities to Denmark's Progress group in

return for shares in the Danish company.

Mosvold bas 17 per cent of the shares hut 51 per cent of the votes in Progress through its holding of A shares. But after the transaction, if approved by Progress' general assembly, Mosvold would own

70 per cent of Progress. transaction also included Mosvold's fully owned

The Thornhope Shipping and Hudson Steamship as well as Mosvold's 53.1 per cent share in NOR-OBO Shipping.

'Mosvold's aim is to develop Progress to an independent company with a broad owner-ship structure and Mosvold is iming to reduce its ownership to below 50 per cent as soon as conditions are right," Mosvold

Mosvold, with total shipping assets of DKr120m (\$18m), also said the boards of Progress and Mosvold bad agreed to propose abandoning having both A and B share classes in Progress and instead have one share class in which one share gives one

Mosvold also said it had ordered two Panamax bulkers, each worth \$28.1m, from Dae-woo, the Korean shipbuilder. The vessels will be delivered in

■ Kvaerner, the Norwegian engineering group, said it had established a joint venture with France's Doris Engineer-ing, Renter reports from Oslo.

The new group, Kvaerner Doris Offshore Concrete, would offer services within development of floating and perma-nent concrete constructions for offshore oil and gas produc-

tion", Kvaerner said. Kvaerner Engineering would have a 60 per cent stake in the joint group and Doris Engineering the remaining 40 per cent. The new company would be based just outside Oslo.

■ Elf Aquitaine, the French state-owned oil company, has acquired 10 per cent of Ango-la's offshore Cabinda concession as part of an agreement signed with Sonangol, the gov-ernment-owned oil group, Reu-ter reports from Parls.

The Cabinda concession is the Cabinda concession. Entre source of over half Angola's current oil production of about 500,000 barrels per day.

"By gaining access to this particularly rich oil production area, the acquisition will significantly strengthed Effectives.

nificantly strengthen Elf's posttion in the country," the com-pany said. Elf produces 165,000 barrels per day in Angola.

## PRIVATISATION OF THE POLISH PULP AND PAPER INDUSTRY Invitation to negotiate

As part of the Polish Government's privatisation programme and in accordance with Art, 23 of the State Enterprise Privatisation Act, an invitation is extended by the Minister of Privatisation, acting on behalf of the State Treasury of the Republic of Poland, to interested parties with proven experience in the Pulp and Paper Industry to record and thereafter pursue their interest in purchasing an interest in the following joint stock companies.

1 Zaklady Celulozowo-Papiernicze Swiecie S.A. ('Swiecie') INTEGRATEO MANUFACTURER OF PULP, PAPER, CONVERTED PAPER, CORRUGATEO BOARO PRODUCTS AND VISCOSE PULP MAIN PAPER GRADES ARE SACK, LINERS AND FLUTING

2 Zaklady Celulozowo-Papiernicze Kwidzyn S.A. ('Kwidzyn') INTEGRATEO MANUFACTURER OF PULP, PAPER AND CONVERTEO PAPER PRODUCTS MAIN PAPER GRADES ARE PRINTING, WRITING AND BOARD 1989 PAPER PRODUCTION 169,000 TONNES

3 Szczecinskie Zaklady Papiernicze S.A. ('Skolwin') 1989 PAPER PRODUCTION 92,000 TONNES 500 km north west of Warsaw, 80 km east of Berlin INTEGRATEO MANUFACTURER OF PULP AND PAPER MAIN PAPER GRADES ARE NEWSPRINT, PRINTING AND WRAPPING

4 Kostrzynskie Zaklady Papiernicze S.A. ('Kostrzyn') INTEGRATEO MANUFACTURER OF PULP AND PAPER MAIN PAPER GRADES ARE WRITING AND WRAPPING 1989 PAPER PRODUCTION 68,000 TONNES 1989 PULP PRODUCTION 44,000 TONNES 460 km west of Warsaw. 70 km east of Berlin

1989 PAPER PRODUCTION 84,000 TONNES 20 km south east of Warsaw MANUFACTURER OF MANY GRADES OF PAPER MAIN GRADES ARE TOILET, SPECIALTY AND ROOFING 6 Kluczewskie Zaklady Papiernicze S.A. ('Klucze') MANUFICTURER OF MAINLY TISSUE PRODUCTS
MAIN GRADES ARE TOILET, TISSUE AND WHITE PAPER

5 Warszawskie Zaklady Papiernicze S.A. ('Jeziorna')

1989 PAPER PRODUCTION 25,000 TONNES 250 km south west of Warsaw 7 Kieleckie Zaklady Wyrobow Papierowych S.A. ('Kielce') PAPER CONVERTER THAT MANUFACTURES CORRUGATED BOARD AND OTHER PACKAGING PRODUCTS 1989 PAPER PRODUCTION 87,000 TONNES 178 km south of Warsaw

8 Zaklady Papiernicze w Krapkowicach S.A. ('Krapkowice') INTEGRATED MANUFACTURER OF PULP AND PAPER MAIN PAPER GRADES TISSUE, SAO, AND ROOFING BOARD

9 Fabryka Papiernicza Malta S.A. ('Malta')

This invitation is extended as part of the privatisation initiative for the Polish Pulp and Paper Industry currently being undertaken by the Polish Ministry of Privatisation.

#### **SALE PROCEDURE**

Each mill will be subject to a separate privatisation programme. Interested parties should record their interest as soon as possible in any of the above companies by contacting Hambros Bank Limited whereupon they will be sent a confidentiality letter for execution as a condition precedent to their receiving more information. Replies should be received at the address given below:

**BHAMBROS** 

MANUFACTURER OF PAPER
MAIN GRADE IS LAMINATED BASE PAPER

Nichalas Craig Harvey HAMBROS BANK LIMITED 41 Tower Hill, London EC3N 4HA Tel 071 480 5000 Fax 071 702 9725

Member of SFA

1989 PAPER PRODUCTION 7,000 TONNES 264 km west of Warsaw



Interim Report Highlights 1991

Profit after taxation Earnings per share Dividend maintained

Operations

Good growth in Hong Kong
 35 outlets now open in Taiwan
 Maxim's performed well

Australasia

Spain

--- Franklins achieved strong growth

United Kingdam

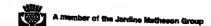
- Market share increased in New Zealand -- Kwik Save interim prnfit up 24% --- Losses incurred due to slower than

expected rationalisation progress "The good results of the Group's operations in Hung Kong and its investments in Kwik Save and Maxim's will be offset in the immediate future by the effects of a price war in Australia combined with the under-perfurmance of the more recent investments, especially Simago. Nevertheless, I believe that the longer-term prospects for Dairy Farm remain excellent."

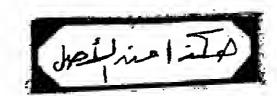
SIMON KESWICK, Chairman 13th September 1991

HALF-YEAR RESUL		-11 41	
	(unau Six mont) 30th 1991 us\$ million	ha ended	Year ended 31st December 1990 us\$ million
Turnover	2,224.3	1,395.1	3,654.3
Operating profit Share of profit of associates	59.4 30.7	51,9 . 24.0	158 3 55.4
Profit before Interest Net Interest (expense)/income	90.1 (11.5)	75.9 2.7	213.7 (10.4)
Profit before taxation Taxatinn	78,6	78.6	203.3
Company and subsidiaries     Associates	(15.4) (8.8)	(13.8) (7.0)	(35.5) (16.2)
Profit after taxation Minority interests	54.4 0.1	57.8 0.2	151.6 0.2
Profit after taxation and minority interests Dividends	54.5 (22.1)	58.0 (22.1)	151,8 (75.1)
Transfer to reserves	32.4	35.9	76.7
	US¢	USe	USe
Earnings per share Dividends per share	3.33 1.35	3.55 1.35	9.29 4.60

**Dairy Farm International Holdings Limited** Incorporated in Reminda with limited liability



The Registers of Members will be closed from 7th to 11th October 1991 inclusive to identify those Shareholders entitled to the interim dividend of US¢1.35 per share which will be payable in cash on 23rd October 1991. Shareholders registered on a section: of the Jersey branch register of members who wish to receive their dividend in Hong Kong Dollars, or Shareholders registered on the Company's Hong Kong branch register of members who wish to receive their dividend in United States Dollars, should notify the Company's Registrars or one of the Company's transfer agents on or before 4th October 1991. Shareholders whose shares are held through the Central Depository System in Singapore ("CDP") will receive Hong Kong Dollars unless they elect through CDP to receive United States Dollars. The Hong Kong Dollar equivalent of the dividend declared in United States Dollars. will be calculated by reference to a rate prevailing five business days prior to the payment date.



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#### INTERNATIONAL COMPANIES AND FINANCE

# Pacific Dunlop profits slide 20%

By Kevin Brown in Sydney

PACIFIC DUNLOP, the diversified Australian industrial group, yesterday reported a 30 per cent fall in net profits to A\$240m (US\$190m) for the year to the end of June, on revenue down 2.5 per cent to

The group also amounced a one-for-five rights issue to raise A\$672.5m to restore borrowing isvels and cash reserves following its acquisition of 89 per cent of Petersville Sleigh from the Adelaide Steamship group

The group said it would issue 156.4m ordinary shares at A\$4.80 each, fully underwritten by Potter Warburg Capital markets and E.L. & C. Bail-lieu. Before the amnouncement, the shares closed 4 cents lower at A\$5.18 on the Australian

Stock Exchange.
Pacific Dunlop said the acquisition of Petersville

Hongkong

Land ahead

at half-way

Sleigh, one of Australia's lead-ing foods groups, would add to its future earnings base and promote growth.
The acquisition, which came

after the end of the financial year, followed expenditure of A\$176m on acquisitions and A\$179m on new plant and equipment during 1990-1991. Mr John Gough, chairman, said the reduction in net profits was "satisfactory" given the severity of the recession in Australia and other countries, including the US including the US.

Mr Gough said the recession had interrupted the company's growth, but action had been and increase productivity and competitiveness.

The group had "vigorously pursued" its policy of achieving greater flexibility between Australian and offshore manufacturing to strengthen its

position against import competition following the lowering of Australian tariff protection.

Pacific Dunlop has successfully relocated manufacturing activities offshore to escape high Australian production costs, and has assets of more than A\$350m in the Asia Pacific area, mostly in produc-tion facilities for latex dipping. and cable and footwear manu-

facturing.
Mr Gough said Pacific Dunlop was budgeting for a moderate improvement in net profits in 1991-1992, but did not expect to reach the record level of A\$301m achieved in 1989-1990.

Any profit improvement would be in the second half, due to the forecast slow recov-

ery from recession in Australia, he said. Results in the current half-year were expected to be in line with the second half of last year.

Pacific Dunlop said its Pacific Brands consumer prod-ncts division had "a much improved year" following restructuring which resulted in increased market share and greater efficiency. The division increased operating profits by

11 per cent to A\$77m.

The group said its distribution activities here the brunt of the recession. The division suf-fered a 33 per cant fall in oper-ating profits in A360m despite an improvement in efficiency. Healthcare group profits were down by A52m to A368m, and automatics are first down 25 and automotive profits down 35 per cent to A\$41m. However, profits from building and con-

struction products were np A\$2m to A\$158m. The directors said the total

dividend would be increased to 21 cents per share, fully franked, from 20 cents last

## Nine Network recovers to A\$30m

By Kevin Brown

HONGKONG LAND, the property investment and development company which is part of the Jardine Matheson group and one of Hong Kong's largest landlords, yesterday said net profits for the six months to June 30 rose to US\$147.3m compared with US\$129.6m in the same period last year, Reuter tenorits.

The net profit figure was achieved before an extraordinary gain of US\$40.4m on the Packer's decision to write off sale of four retail centres in much of the book value of hroadcasting licences the colony. Turnover in the half-year climbed to US\$195.1m from US\$176.9m in the same

Weaker interim Mr Simon Keswick, company chairman, said: While the rate of increase in the group's earnings for the year as a whole is unlikely to match that of the first half, the directors are confident that the propile in 1001. reported by **Incheape Berhad** By Joyce Quek in Singapore

will exceed the record levels achieved last year." The company declared and interim dividend of 2.85 US cents a share compared with

fident that the results for 1991

period last year.

Higher prices boost Kumpulan Guthrie

KUMPULAN Guthrie, Malaysia's largest plantation group, yesterday predicted bet-ter second-balf results after reporting a 76.5 per cent rise to M\$58 in pre-tax profit for the six months to June, writes Lim Slong Hoon in Kuala Lumpur.

The group raised its interim dividend payout by 50 per cent to M\$19.5m, or 3 Malaysian cents a share

Guthrie attributed the improved profits to 21 per cent higher palm oil prices, although turnover rose by a marginal 2 per cent from M\$412m to M\$422m.

NINE Network Australia, a quoted subsidiary of Mr Kerry Packer's Consolidated Press Holdings, yesterday reported net profits of Aspan (USE22m)

net profits of A\$30m (U\$\$23m) for 1990-1991, completing a strong recovery from net losses of A\$203m in the previous year. Nine has been restructured since being acquired hy Mr Packer in August 1990 from Bond Media, the television arm of Mr Alam Bond's Bond Corperation Holdings, which earlier bought the network from Mr bought the network from Mr Packer for A\$1bn. The 1990 loss followed Mr

owned by the network.
Nine said two equity raisings and sales of non-core assets had reduced its debt burden to A\$154m at the end of the finan-

cial year on June 30, from A\$690m at the time of the sale. The impact of the asset sales was reflected in a 6.8 per cent declina in group sales to A\$47im. However, the decline in the network's revenue was cushioned by its consistent lead in the ratings for the three commercial television chan-

Mr David Leckie, managing director, said the improved result was achieved in spite of the difficult economic climate

caused by an 18-month reces-sion which reduced advertising

However, Mr Leckie said the network's Sky Channel arm. which supplies sports and other programmes to clubs, hotels, racecourses and offcourse betting shops, made a significant contribution for the first time.

He said the restructuring carried out by Conspress had increased shareholders' funds to A\$660m from A\$395m

The directors said there would be no final dividend, but indicated the company expec-ted to begin paying dividends again during the current year.

#### Earnings almost halved at Corporate Investments

CORPORATE Investments, the diversified investment group, yesterday announced its net INCHCAPE BERHAD, the Singapore-based trading and profits had nearly halved to NZ\$16.1m (US\$9.42m) in the year to June 30, compared with services group, yesterday blamed weak interim results ottlower demand in the after-math of the Gulf war and the recession in the US and NZE21m the previous yearbe-cause of the depressed state of the Australian and New Zea-

Europe. Mr Peter Massen, chairman, said the company's tourism and property sectors had recorded losses which had more than offset earnings from Group turnover fell 9 per cent to \$\$397.Jm (US\$283.7m) for the six months to June, while pre-tax profits slid to \$\$35.7m from \$\$56.6m. Extraordinary gains were down to increased profits in its forestry, \$\$723,000 from A\$14.4m, while wine and industrial developearnings per share were 12.5 cents against 22.4 cents. ments. The company was, how-

Singapore Aerospace, the government-controlled defence company, recorded higher group turnover of \$\$154.5m (US\$90.8m) for the half-year to June from \$\$93.6m a year earimproved profit this year.
Sales and other gross income
fell 3.1 per cent to NZ\$614m. Mr Massen said the improved per-formances in the primary pro-duction and forestry sectors were encouraging, Pre-tax earnings from the forestry sec-tor grew 9.27 per cent to NZ\$8.9m. This division includes Nelson Pine Forests, the region's main producer of Pre-tax profits rose to \$\$13.9m from \$\$9.9m. However, taxes tripled from \$\$1.3m to S\$4.4m due to the expiry of pio-neer status for a subsidiary.

This announcement appears as a matter of record only.

medium-density fibrehoard. The NZ\$60m expansion of this mill would significantly enhance profitability this year, the company said.
Montana Wines, part of the

primary products division, boosted pre-tax earnings by 14.61 per cent to NZ\$16.9m. Montana had maintained its 45 per cent share of the domestic wine market and increased export sales by 14 per cent Montana has just completed a NZ\$35m investment programme and further capital requirements would be mini-mal, Mr Masten said.

which include Newmans in the US, Australia and New Zealand, registered an 87 per cent fall in tax-paid earnings with a NZ\$4.9m loss. Mr Masien said directors were confident the industry would return to previous high growth rates. Industrial sector profits rose 2.2 per cent to NZ\$5.17m. Property investments fell 86 per cent to

#### Supermarket losses push HK retailer 6% lower

By Angus Foster in Hong Kong

DAIRY FARM International. the Jardine Mathesoncontrolled retailer, has reported a 6 per cent fall in net interim profits following losses in the recently-acquired Simago supermarket chain in

Dairy Farm announced profits down to US\$54.4m in the six months to the end of June, compared with \$57.8m in the same period a year earlier. The company is maintaining its interim dividend at 1.35

cents a share. Turnover gained 59 per cent to \$2.22bn due to full contribu-tions from Simago and Wool-worth's in New Zealand, also

acquired last year. Mr Simon Keswick, chairman, said operations in Australia and Hong Kong performed well. In Hong Kong, the Wellcome chain of supermarkets is installing point of sale scanning to combat a labour shortage and high operarting costs. Kwik Save, the UK retailer in which Dairy Farm has a 25 per cent stake, also performed well in the first half.

However, Mr Keswick said results for the year were likely in be affected by a price war in Australia, where Duiry Farm's Franklins chain will witness pressure on margins, and from continuing losses at Simago.

#### Malaysian takeover bids reach deadlock

MALAYAN United Industries (MUI) and Inter-Pacific, Malaysia's two rival conglomerates, have reached deadlock in their counter, and hostile, bids for each other, writes Lim Slong Hoon in Kuala Lumpur.

While MUI has manounced it has received government clear ance for its proposed takeover. Mr Vincent Tau, Inter-Pacific chairman, also said he has raised his personal stake in his company to 51 from 32.8

At 33 per cent or more, Mr Tan is required by domestic takeover rules to made a general offer for the balance of Inter-Pacific. His offer is M\$1.38 a share. Inter-Pacific has 30.8 per cent in MUI, acquired since

July. But it is now required by the government to sell Sports Toto, its largest and most profitable lottery subsidiary, should the group raise its MUI stake to more than 33 per cent.

Through the maze of directives, the government appears to have blunted the takeover attempts. The resemble is surpless but both Morally is surpless.

unclear, but both Mr Tan and Mr Khoo Kay Peng, MUI chairman, have strong ties to leading politicisms.
Tension have grown since
MUI announced it had submit-

ted an application to takeover Inter-Pacific, which promptly rejected the move as "irresponsible, premature and not seri-

#### Net half-yearly result BEF 4.242 bn + 9%

Key figures (Consolidated - BEF bn)	30/06/91	30/06/90	Change
Gross profit	11.446	9.281	+ 23%
Net profit	4.607	4.242	+ 9%
Customers' deposits	1,555	1,423	+ 9%
Private sector lending	1,114	1,041	+ 7%
Total assets	2,458	2,376	+ 3%

- Increase of Belgian franc interest income in spite of shrinking margins
- Improvement of commissions and foreign cur-
- Strict cost control policy



#### Generale Bank

Montagne du Parc, 3 - 1000 Brussels

#### **INFORMATION REGARDING ASEA AB WARRANTS 1990/1995** ABB EMPLOYEE EQUITY BV **WARRANTS 1990/1995**

The Annual General Meeting on April 26th, 1991 approved the Board of Directors' proposal for the division of ASEA. The division was effected on July 17th, 1991 through the distribution by ASEA to its shareholders of all the shares of the wholly owned subsidiary

As a result, the exercise conditions of ASEA AB and ABB Employee Equity BV warrants 1990/1995 were adjusted as follows:

Prior strike price 507.90 SEK Adjusted strike price:

Prior number of shares that can be subscribed through exercise of each warrant: 1 share

Adjusted number of shares that can be subscribed through exercise of each warrant:

Through the exercise of all the above mentioned warrants the number of unrestricted B-shares In ASEA AB will increase with 2,794,626.

**ABB Employee Equity BV** ASEA AB

#### Novo Nordisk A/S

Global Rights Issue

to Subscribe for

767,765 A Shares and 4,503,134 B Shares at DKK 330 per Share

**Goldman Sachs International Limited** 

Den Danske Bank

S.G. Warburg Securities

**BNP Capital Markets Limited** 

Deutsche Bank Aktiengesellschaft

Swiss Bank Corporation

Co-Global Coordinators

Goldman Sachs International Limited

Den Danske Bank

Closing September 16, 1991

This announcement appears as a matter of record only.

Daimler-Benz North America Corporation

ECU 250,000,000 9 1/6 % Notes of 1991, due 1996

unconditionally and irrevocably guaranteed by DAIMLER-BENZ AKTIENGESELLSCHAFT

**Deutsche Bank Capital Markets** 

J.P. Morgan Securities Ltd.

Commerzbank Aktiengesellschaft Merrill Lynch International

Capital Markets Group

**UBS Phillips & Drew** Securities Limited

Dresdner Bank

Banque Générale du Luxembourg S.A.

Generale Bank

**ABN AMRO** 

Kredietbank

Glrozentrale

Swiss Volksbank

Barclays de Zoete Wedd

International Group

Sndwestdentsche Landesbank

Bayerische Landesbank

Girozentrale Morgan Stanley International

Bank Brussel Lambert N.V..

Credit Suisse First Boston

Sankt Annæ Bank A/S

**Swiss Bank Corporation** 

S.G. Warburg Securities

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Westdeutsche Landesbank Girozentrale

MANAGAR MASAKAR MASAKAR

bank, WestLB is your reliable

porate Finance, the solidity of

a state bank and the leading

Profit after taxation

Earnings per share Dividend per share

SIMON KESWICK, Chairman

16th September 1991

role played by WestLB, On this of your shortlist - from

Introducing the German bank that makes international finance plain sailing: WestLB.

rightfully belongs at the top

Corporate Finance and Invest-

retching from Düsseldorf

to London, WestL8 is

your international finance

WestLB

31st Decem

#### INTERNATIONAL COMPANIES AND FINANCE

# Campeau agrees shake-up PepsiCo to axe 1,800 plan with O&Y after year jobs at US

CAMPEAU Corporation, the ailing Canadian property develailing Canadian property devel-oper, has reached agreement on a restructuring plan with its biggest ehareholder and creditor, the Reichmann fam-ily's Olympia & York Develop-ments, after more than a year of negotiation.

Campeau, whose founder Mr Robert Campeau directed the disastrous US\$10bn acquisition of two of the US's higgest department store groups in the late 1980s, is hoping that O & Y's approval of the plan will clear the way for acceptance by other creditors.

The crux of the restructuring is a debt-for-equity swap, in which holders of unsecured debt as well as preference and ordinary shares are to be issued new common shares in

Mr Stanley Hartt, Campeau's president, said the arrange-ment would mean that "the company will once again have positive equity, and our credi-tors and shareholders will have the opportunity over the long term to recover value on their

O & Y is also buying the 50 per cent It does not own of Scotia Plaza, Campeau's 68-storey flagship office building in downtown Toronto. The deal is



over disastrous acquisition

the property.
O & Y has an 11 per cent

equity stake in Campeau, C\$400m outstanding in debentures and C\$235m in secured loans, including accrued inter-

Campeau said yesterday that it intended to submit the restructuring plan to an Ontario court by the end of October. In the meantime, Campeau is seeking a court order freezing its obligations under the Companies Credi-

tors' Arrangements Act.
The plan's implementation depends on the successful reoranisation of Allied Stores and Federated Department Stores, the two US groups which have been operating under Chapter 11 of the US bankruptcy code since January 1990.

The link between the two is required to satisfy another of Campeau's largest creditors, the US chopping mall developer Edward J DeBartolo. Campeau has guaranteed a secured loan of US\$480m from Mr DeBartolo to the US retail

Campeau yesterday reported a first-half profit of C\$119m, or a first-haif profit of C\$119m, or C\$2.55 a share, compared with a loss of C\$373m, or C\$8.48, a year earlier. The return to profitability was solely due to gains from sales of property totalling C\$210m. The company has put most of its property portfolio on the block as part of its efforts to remain affoat.

From this year, Campesu no longer includes the US department store subsidiaries in its accounts. Under the Chapter 11 reorganisation, the Canadian company is not expected to retain any significant ownership in Federated and Allied.

# snacks unit

By Nikki Talt in New York

PEPSICO, the large US soft drinks, snack foods and res-taurants group, is to cut 1,800 jobs from its Frito-Lay snacks business, largely accounting for a \$100m pre-tax charge when it reports third-quarter results.

PepsiCo said that the charge would reduce to \$65m after tax
- equivalent to about 8 cents
a share. Its shares were down
3% at \$25% at mid-seation in New York.

New York.

The group plans to reorganise the Frito-Lay business to decentralise "management responsibilities". As a result, 800 jobs will be lost at the Dallas headquarters and the remainder spread around the company's nationwide operations.

PepsiCo has reorganised the field operations in four geo-graphical US divisions which each handles the manufactur-ing, service and distribution, sales and marketing of the snacks group's brands in its

It claims that the reorgani-sation should produce cost savings of about \$100m a year. Frito-Lay took about 13 per cent of the US anack food industry, including sweets, biscuitz, crackers and crisps— in 1990, according to Pepsico. Its products include Doritos Tortilla Chips, Ruffles potato crisps and Fritos Corn Chips, The business has also grown rapidly worldwide, now taking in Smiths Crisps and Walkers Crisps in the UK. It claims that the reorgani-

#### Firestone unit refuses to pay

By John Barham in Buenos Aires

THE Argentine subsidiary of Firestone, the US-based tyre-maker, will not agree to government demands that it settle a \$180m tax bill.

Mr Manuel Balbis, head of the subsidiary, said the three-year dispute had forced him to mortgage the company to obtain working capital and

loans from banks. He warned that, should the government carry out its threat to foreclose on Firestone, it would not receive a penny, since the banks would have preference in any ensuing bankruptcy proceedings.
The dispute arises from Fir

stone's purchase in 1985 of \$44m in tax credits from Koner-Salgado, an Argentine com-pany. Subsequent investiga-tion by the DGI, Argentina's tax department, found that the

tax credits were fraudulent. Mr Balbis said that only in 1988 did the DGI announce that the credits were fraudu-lent, and demanded repayment of the \$44m plus \$16m in fines. Inflation and punitive interest charges had since increased the amount to the equivalent of \$180m, he said.

The Supreme Court has ruled that under Argentine law, the debtor must pay before requesting special treatment of its case.



Robert Campeau: presided

Campeau Corp will not receive any cash; instead, O & Y will take over Campeau's financing obligations for the project. The balance of the purchase price will be used to repay O & Y loans which were secured by

# Nike's record earnings for first quarter surprise Wall Street

By Karen Zagor in New York

apparel maker, yesterday sur-prised Wall Street by turning in record first-quarter earnings when analysts had predicted

The Oregon-based company said earnings for the three months to August rose 14 per cent to \$114.4m, or \$1.50 a share, from \$99.7m, or \$1.41, a year earlier. Revenues grew 14 per cent to \$947.2m, from \$833.6m a year earlier,

Mr Philip Knight, chairman, strong consumer demand around the world. First-quarter

NIKE, the US sports shoe and results also benefited from increased "at-onca" sales those for immediate delivery rather than those ardered in advance. At-once sales jumped

45 per cent in the quarter.

The company is also fighting the recession's impact on consumer spending by reducing its domestic footwear inventory to 10.8m pairs from 16.5m at May 31. Nike said its lower inventory levels had reduced its short-term borrowing needs.

Despite the strong quarter, Nike is not bullish about second-quarter prospects, saying that earnings might not match

the 77 cents a share of a year

During the first quarter, Nike's consolidated gross margin rose to 38.7 per cent from 37.4 per cent last year. How-ever, sales and administrative expenses rose to 18,2 per cent of first-quarter revenues against 17.6 per cent the previous year,

Domestic revenues for athletic footwear increased 5 per cent in the quarter, led by strong sales of new products. Nike's international revenues increased 37 per cent, spurred by growth in Europe.

# LTV wins round in pension row

By Martin Dickson in New York

LTV, the US steel group which has been in bankruptcy pro-ceedings for the past five years, appears to have won a victory in a long-running legal dispute over its pension liabili-

ties. However, the latest twist could further complicate its efforts to emerge from bank-

ruptcy.

A US district judge has ruled that LTV does not have to give its underfunded pension plans - with liabilities of about \$3bn - preferential treatment over the company's other cred-

If upheld, the ruling would mean that the company would only have to pay out a fraction

of its pension liabilities, rather than meeting them in full, in the same way that creditors of bankrupt companies usually receive less than 100 cents on the dollar in any financial reor-

The ruling is a severe blow to the federal Pension Benefit Guaranty Corporation as It could encourage other compa-nies to seek the protection of the bankruptcy courts to reduce pension fund Habilities, which would then fall on the

agency.
The PBGC plans to appeal
the judge's decision.
LTV's efforts to get out of bankruptcy have been held up for years by its long-running dispute over pension liabilities with the PBGC. This year, the two sides reached an agree-ment under which LTV agreed to pump \$950m into its pension

However, that pact ran into strong criticism from the company's other creditors, and LTV, after making an initial payment into its pension fund. agreed to seek the approval of these creditors before making further payments.

The PBGC and the federal

Dapartment of Labor responded last month by ask-ing the courts to force the company to make immediate pay-ments into the underfunded

PLACER DOME INC.

NOTICE IS HEREBY GIVEN that a regular quarterly dividend, being Dividend No. 18 of seven and one-half cents (71/4¢) Canadian per Common Share, has been declared payable on Decsmber 16, 1991 to shareholders of record at the close of business on November 22, 1991.

**Shareholders** addresses in the United States or Australia will be paid the equivalent amount in the currency of the respective country.

BY ORDER OF THE BOARD John A. Eckersley Vice-President, Secretary and General Counsel

September 10, 1991

ABBEY NATIONAL BUILDING SOCIETY

¥13,000,000,000 Floating Rate Notes Due 1994

Notice is hereby given that the Rate of Interest for the Interest Period from 16th September, 1991 to 16th March, 1992 is 6,95%, per summe, Interest psyable on 16th March, 1992 will amount to ¥3,465,479 per ¥100,000,000 principal amount of the Notes.

Agent Bank
The Long-Term Credit Bank
of Japan, Limited
Tokyo

Notice of Interest Amount

#### **EMBRATEL**

EMPRESA BRASILEIRA DE TELECOMUNICACOES S.A. Floating Rate Notes

NOTICE IS HEREBY GIVEN that the LIBO RATE for the INTEREST PERIOD beginning September 16, 1991 and ending on March 16, 1992 has been fixed at 5.8125%. The INTEREST AMOUNT totaling \$838,825.30 payable on the SEMI-ANNUAL DATE falling on March 16, 1992 has been fixed at 5.8125%. 1992 is comprised of the following amounts:

Series	Interest Amor
A	\$267,944,48
В	\$195,758.55
C	\$133,972.24
D	\$100,479.18
E	\$100,479.18
F	\$ 40,191.67

September 17, 1991

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NOTICE TO THE HOLDERS OF

#### MATSUSHITA ELECTRIC WORKS, LTD. (the "Company")

U.S.\$100,000,000 7 1/2 per cent. Convertible Bonds Due 1995

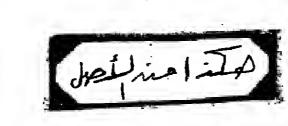
NOTICE IS HEREBY GIVEN that, pursuant to Candition 5(C) (iv) of the above Bonds, the Conversion-Price has been adjusted with effect as of September 12, 1991 in Japan due to the issuances by the Company on such date of securities convertible into Shares and warrants to subscribe for Shares. The consideration per Share receivable by the Company apon conversion and subscription, respectively, of such securities and warrants shall be less than the current market price per Share (as defined in the Conditions) on September 12, 1991.

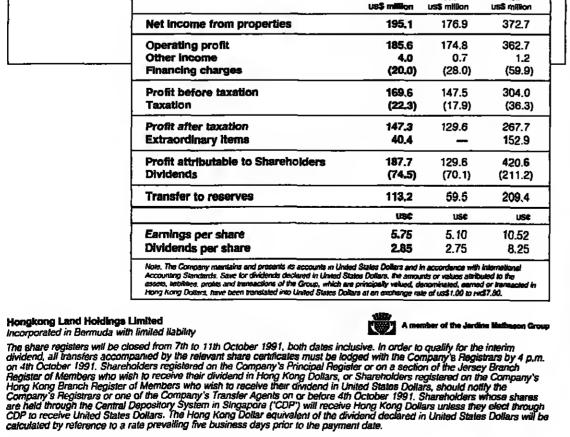
As a result, the following adjustment to the Conversion Price of the Bunds will be made: Conversion Price prior to such adjustment: Yen 534.8

Conversion Price after such adjustment: Effective date of the adjustment:

September 12, 1991 (Japan Time) MATSUSHITA ELECTRIC WORKS, LTD.

Dated: September 17, 1991





Interim Report Highlights 1991

**Hongkong Land** 

"While the rate of increase in the Group's earnings for the year as a whole is

unlikely to match that of the first half, the Directors are confident that the results for

+ 12.7%

HALF-YEAR RESULTS

1991 will exceed the record levels achieved last year."

I restoner

# **RANK XEROX**

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You're looking at an important document right now. From your daily newspaper, to reports, presentations, memos or the data on your computer screens, documents are the focus of everyone's business day.

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It means examining all the ways people communicate with each other in your company, and analyzing how effectively they use their workstations, copiers, printers and fax machines to put together documents that make more effective communication possible.

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RANK XEROX The Document Company

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#### FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, September 16, 1991 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied US S D-MARK £ STG US 5 D-MARK | Kwanza| (E Carr S (Anstral) | Florin) (Aus S) (Schilling) | Port Escudo) 58 2489 2.686 9876.53 1.7807 1.2477 11.7706 143.633 1124.82 219.77 (Bahama S)
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#### Only one airline flies daily non-stop from London, Paris and Frankfurt to Tokyo.



HUNTER

All of these securities having been sold, this announcement appears as a matter of record only.

2,140,107 Shares

THE TAIWAN FUND, INC.

Common Stock

Price \$23.375 per share

Asian Capital Partners Limited Kleinwort Benson Limited

> Alex. Brown & Sons INCORPORATED

Barclays de Zoete Wedd Limited

James Capel & Co Limited

W.L. Carr (Far East) Limited

Yamaichi International (Europe) Limited

Daewoo Securities Co., Ltd.

Ssangyong Investment & Securities Co., Ltd.

Swiss Bank Corporation

September 1991

Mortgage Securities (No:2) PLC £250,000,000 Mortgage backed floating rate notes due 2028 For the interest period 13 September 1991 to 13

December 1991 the notes will bear interest at 10.305 % per annum. Interest payable on 13 52,569.19 per £100.000 note. Agent: Morgan Guaranty Trust Company **JPMorgan** 



HUNGARY

The FT proposes to publish this survey on October 30 1991. 54% of Chief Executives of 54% of Chet Executives of Europe's largest companies read the FT. If you want to reach this important audience by advertising in this survey, callPatricia Surridge on 071 073 3426. or Fax 071 873 3079

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> NATIONAL BANK OF HUNGARY U.S.\$200,000,000 Floating Rate Notes due 2000

(Coupon No. 13)

Pursuant to Note conditions, notice is hereby given that for the interest period 17th September, 1991 to 17th March, 1992 (182 days), an interest rate of 6 per cent, per annum, will

Amount per coupon (No. 13) = US\$303,33 Payable on the 17th March, 1992



THE LONG-TERM CREDIT BANK OF JAPAN, LTD. London Branch Agent Bank

#### INTERNATIONAL CAPITAL MARKETS

# Treasuries climb modestly in wake of monetary easing

By Karen Zagor in New York and Tracy Corrigan in London

US TREASURIES moved modestly higher yesterday morning in thin, range-bound trading as the market absorbed last week's easing of monetary

At mid-session, the Treasury's beliwether 30-year bond was i higher at 1021, yielding 7.93 per cent. Shorter-dated maturities were higher. The two-year note had a yield of 6.13 per cent.

The Federal Reserve arranged three-day fixed-collateral system repurchase agree-ment when Fed funds were trading at 5% per cent, above the Fed's perceived target of 5% per cent. The operation, which adds reserves of the banking system, was widely expected.

Economists expect a quiet week ahead, in the wake of Fri-day's easing. This week's economic data is not expected to disturb the market. Tuesday's industrial production is expec ted to show a 0.5 per cent increase in August.

■ POLITICAL concerns again outweighed technical consider ations in the UK gilts market vesterday. Glit prices opened firmer, boosted by two opinion polls, published at the week-end, which showed that the Conservative government's lead over the opposition Labour party is growing.

However, economic data released yesterday met a mixed reception. A sharp 1.4 per cent drop in retail sales in August, theoretically good news for honds, proved discouraging, since any sign that the UK economy is not climbing out of recession has negative implications for the government. Consequently, gilt prices sllpped back, largely eradicating ear-lier gains.

Industrial production data, including a 0.8 per cent increase in manufacturing production in July, was interpreted as an indication that the battering of the manufacturing sector of the economy may be ending. Again, this positive reaction contradicts the conventional wisdom, as economic

growth is normally negative GOVERNMENT

BONDS

for the bond market Although the gilts market made little further progress yesterday, traders say that, provided polis continue to show a Conservative lead, downward pressure on gilt yields will be maintained. Such sentiment is expected to ensure a successful long-dated gilt auction next week, details of which are to be announced

The short end of the market

remains particularly well underpinned, as expectations of a further cut in UK interest JAPANESE markets were · // \*\*

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closed yesterday, but expecta-tions of a cut in the official discount rate, following the cut in US rates, are likely to boost the market when it reopens. The holiday in Japan dampened activity in other markets.
Government bond prices in France and Germany ended little changed in low volume.

Except bond prices fell about

French bond prices fell about % point, on disappointment that the Bank of France had passed up another opportunity to ease rates.

In Sweden, government bond prices were marked down % point to % point, after elec-tions at the weekend unseated the ruling Social Democrats. No new government has been put forward yet, and dealers expect activity to remain low until the current uncertainty has been resolved.

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AUSTRAL	IA .	12,000	11/01	107.7100	-0.646	10.73	10.67	10.51
BELGIUM		9,000	06/01	98.9000		8,17	9.17	0.30
CANADA		B.750	12/01	101.8750	+0.300	. 9.48	9,67	9.72
DENMARI		0.000	11/00	99.2750	+0.026	9.11	9.13	9.24
FRANCE	BTAN	8.600 9.500	11/96 01/01	97.8184 103.7900	-0.118 -0.050	9.03 0.87	9.05 8.87	9.00
GERMAN	7	8.750	08/0)	102.2300	-0.180	8.41	6.30	8.40
ITALY		12.500	03/01	00.3600	+0,180	13.01	13.21	13.44
JAPAN	No 129	4,800	06/99	91,5585 101,7379	-0.093 -0.957	6.43 6.09	6.57. 6.24	6.72
NETHERL	ANDS	8,500	03/01	98.2600	+0,020	6.77	8.75	8.79
SPAIN		11.900	07/96	101,4500		11.45	11.50	11.96
UK GILTS		10.000 10.000 9.000	11/98 02/01 (0/08	101-10 102-14 96-20	-07/32 -03/32 +01/32	0.66 9.80 9.40	0.68 9.71 0.52	10.06 10.06 9.80
US TREAS	URY "	7.875 8.125	08/01 08/21	101-21 102-05	+03/32	7.65 7.83	7.72 7.00	7.84 8.11

## German securities find favour abroad

By Katharine Campbell in Frankfurt

FOREIGN investors purchased DM6bn of German fixed income securities in July, up from DM2hn in June, according

to the Bundesbank. The figures demonstrate how a constitutional court ruling at the eod of June had surpris-ingly little immediate effect on

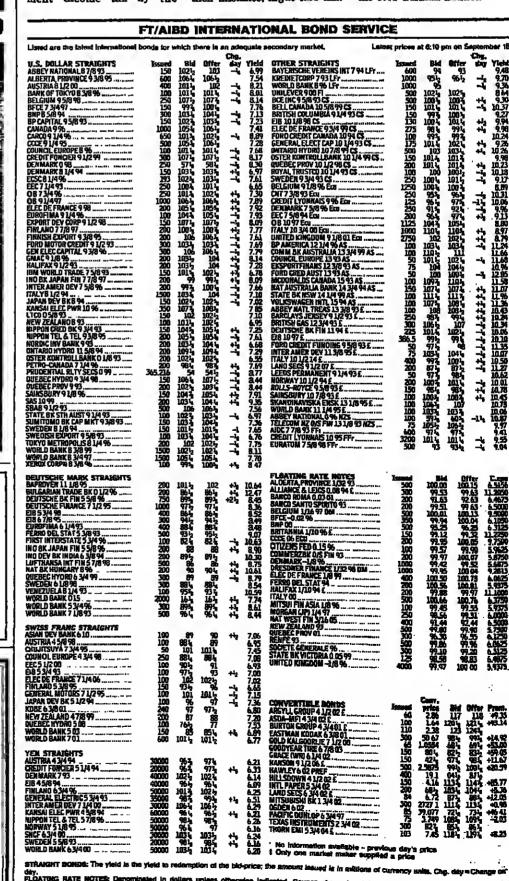
investor sentiment ahroad.

The court ruled that the government must tighten np procedures for collecting invest-ment income tax by the beginning of 1993. Bonn is expected to unveil proposals in early October. The surprise foreign interest

partly reflects confidence that. the solution is virtually certain to apply to German taxpayers alone, unlike the disastrous withholding tax imposed at the beginning of 1999 which also drew foreigners into the net. Analysts, underlining that ministers have learnt from their mistakes, argue also that

much of the money that flowed out of the country in 1988 and 1989 stayed abroad, hence. reducing the size of any fur-ther possible outflows.

Mr Hung Tran, director of global fixed income research at Deutsche Bank, says interna-tional investors have begun rebalancing portfolios, taking. profits in the high-yielding markets such as Spain, and redressing under-weightings in the core German market.



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OVERNMENT BONE

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#### INTERNATIONAL CAPITAL MARKETS

# **Brazil** moves toward a single stock exchange

By Christina Lamb in Rio de Janairo

BRAZIL moved nearer to a unified national bourse yester-day with the linking of eight of the country's nine exchanges to form a National Electronic Trading System (Senn) with a

single index.

However, the move towards a national hook-up was marred by the determination of Brazil'e largest exchange, Sao Paulo, to remain independent, a decision likely to heighten the battle for stock market supremacy with the Rio de

Janeiro exchange which is co-ordinating Sem.

The Sao Paulo exchange is responsible for 60 per cent of national trading compared to Rio's 35 per cent.

Mr Francisco de Soura Dan-

tas, president of the Rio axchange, said yeeterday: "We're not trying to create a dispute with Sao Paulo, but obviously we hope our index will eventually become the principal index whether or not Sao Paulo agrees to partici-

Ha added that he believed Sao Paulo had pulled out of Sao Paulo had pulled out of merger negotiations since much of Sao Paulo's business is transacted by brokers from regional exchanges. The Sao Paulo hrokers thought they would lose market chare if By Sara Webb

ing link. Senn brings together exchanges as far apart as that of the extreme south and Bah-ia-Sergipe-Alagoas in the north east and will enable regional hrokers to trade nationally without having to go through Rio and Sao Paulo or pay commission to those exchanges. Mr Dantas says he hopes the new system will facilitate integra-tion with other markets in

they entered the national trad-

Latin America. Protocols with the bourses of Buenos Aires, Montavideo and Maxico have been signed. The new index will be known as I-Senn and based on a weighted average of the 50 most traded shares on the

eight exchanges.
Companhia Vale do Rio Doce, the state mining company, currently carries the largest weighting with 48.11 per cent while Telebras, the state telecommunications company, is responsible for 9.84 per cent. The lndex will he

adjusted quarterly.
Brazil's markets, which were opened to direct foreign investment in June, have seen a spectacular turnabout this year after ending 1990 as the world's worst performing emerging market.

#### Japanese investment trusts suffer sixth fall in net assets

By Emiko Terazono in Tokyo

NET ASSETS of Japanese investment trust funds fell in August for the sixth consecutive month, reflecting the faltering Tokyo stock market and deteriorating investor confi-

According to the Investment Trusts Association, net fund assets fell to Y42,666.5bn, the lowest level since 1987. The month-on-month dacline of Y1,868bn is the largest this year. Individuals are the main investors in investment trust

The sluggish stock market

trust funds have reported

Pre-maturity withdrawals totalled Y1,300bn. Newly-estab-lished stock investment funds totalled Y386.6bn, the lowest figure since August 1985, while stock and bond combined investment funds were Y946.5bn, the lowest since April 1983.

Net assets of "cbukoku" medium term government note funds fell for the 10th consecutive month, to Y3.061.4bn, but the net assets of funds for bond investments rose by Y119bn has also damaged returns on from the previous month to stock investments, and most Y11,747.2bn.

#### Poll names top three banks in swaps market

BANKERS TRUST, Barclays and J.P. Morgan have been named as the top three bank participants in the swaps mar-kets, according to the first annual poll of the swaps and derivatives markets conducted by Risk magazine.

Risk asked more than 70 leading banks and investment houses to name the best banks and brokers in the interbank market. Instruments such as interest rate and currency swaps, interest rate ("caps", "collars", and "floors") and currency uptions, and swaptions, were separated into cur-rencies.

According to Risk "the markets are now far too diverse and complex" for any one house to dominate all lines of business. Bankers Trust, Bar-clays and J.P. Morgan were ranked top in US dollar interest rate swaps and US dollar est rate swaps and US dollar currency swaps. Barclaye topped the sterling sector of the currency swaps ranking.

The South Australian Government Financing Authority (Safa) has bought back and cancelled A\$104.8m of bonds, Reuter reports from Adelaide. Safa said these and other repurchases had cut the 1992 line to about A\$650.8m and the 1993 line to about A\$1.1bn.

#### Kleinwort unit looks to Korea

By Simon London

KLEINWORT Benson Investment Management is taking a 20 per cent stake in a joint venture with Korea Invest-ment Trust, the largest invest-ment trust company in Korea. The new company, Korea Investment Management Europe, will provide international fund management to Korea investment trusts. Korea investment Trust runs 73 funds and has \$11.6bn under management.

• Cedel, one of the two hig
Euromarket clearing houses,

has slimmed its governing

board from 41 to 13 members.

The day-to-day management of Cedel remains in the hands of Mr André Lussi, chief execu-

# Ecu bonds rally on hopes of European currency accord

By Simon London

ECU BONDS bave rallied against other European currenstrongly in the secondary mar-ket over the past month. fuelled by hopes of a political agreement that will ensure a future for the aspiring single European currency.
The yield spread of 10-year

Ecu bonds over German gov-ernment bunds has fallen to below 40 basis points, the lowest level ever.

The rally has been given impetus by speculation that the Ecu will he "hardened"

in particular, the Dutch government's proposal for a twotier approach to monetary union has excited interest. This would allow the core

European states to move towards monetary union soon, possibly via a hardened Ecu. The hardened Ecn would remain a basket currency, but one that could not be devalued against any of the currencies

be the strongest currency in the European monetary system and the yield on Ecu bonds should fall to the lowest level in the EC.
Ecu bond yields would be level with those of D-Mark

bonds, if not lower. Hence, investore helieving that the Ecu will be hardened also believe that yields will fall to the level of hunds - presenting holders of Ecn bonds with a capital gain.

#### Zero-coupon deals show bullish mood

in the basket.

THE BULLISH sentiment in the international hond market was underlined by the launch of zero-coupon deals in both the Ecn and sterling sectors

yesterday. Crêdit Local de France, the French state agency which lends to local authorities, came with an Ecu750m deal, later increased to Ecu1bn, lead-man-aged by Parihas Capital Markets. The 10-year deal was re-offered to investors at a fixed price of 43.10, where the yield is 8.78 per cent.

Zero-coupon bonds attract buying from investors positive about prospects. Issued at a deep discount, the bonds offer full exposure to the market for a fraction of the initial outlay required to buy a conventional

In addition, the duration (the spread of cash returns to the investor through the life of the bond) of a 10-year zero coupon issue is comparable to a 20-The Crédit Local deal met with strong demand, mainly

Borrower ECUs Credit Local de France(a)†

STERLING N'wide.Anglia B.Society(a)†

MUSTRALIAN DOLLARS

SWISS FRANCS EIB(b)†

Commonwealth Bk of Aust (a)† State Bk of NSW(a)†

FRENCH FRANCS Calsse Centrale d'Coop.Econ.(a)†

\*\*Private placement. \$Convertible. \$With equity

from European investment institutions, trading at nr above the fixed re-offer price

above the fixed re-offer price through-out the day.

In the sterling sector, Natinnwide Anglis Building Society also launched a £100m zero-coupon deal, lead managed by Hambros. The seven-year bonds were priced at 50.945 to yield 70 basis points

#### INTERNATIONAL BONDS

more than UK government bonds, a spread which tight-ened sightly during the day. More fragile sentiment in the Australian dollar sector was tested yesterday, with Com-monwealth Bank of Australia and State Bank of New South Wales both launched A\$100m

deals via Deutsche Bank. The five-year State Bank issue was said by participants to be the better received, attracting both retail and institutional buying. The 10-year

**NEW INTERNATIONAL BOND ISSUES** 

44.10

50.945

99.27

2001

2001 32.5/10bp CCF

warrants. #Floating rate note. #Final Jerms. at Mon-callable. b) Fungible

Amount m. Coupon % Price

zero

918

maturity chosen by the Commonwealth Bank was said to appeal almost exclusively to institutional investors. State Bank paper traded at less 1.60 bid, inside full fees of 1.75 per

Commonwealth hank paper traded at less 1% bid, against

full fees of 2% per cent.
CCCE, the French state
agency which lends to developing countries, came with the first Eurobond issue since it lost the guarantee of the government earlier this year.

The FFribn 10-year deal, lead-managed by Credit Com-mercial de France, was priced to yield 39 basis points over French government bonds. The lead manager said the yield spread would have been five basis points less if the government guarantee still applied. The European Investment

Bank added SFr200m to its outstanding SFr400m 61/2 per cent seven-year bond issue - one of the benchmarks of the Swiss bond market - lead managed by Swiss Bank Corporation.

Fees Book runger

114/118 Paribas Cap. Micts.

13/2 Hambros Bank

# **CZECHOSLOVAKIA**

VENEZUELA

An Oil Economy

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#### **LONDON MARKET STATISTICS**

#### FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	M	onday	Septe	mber 1	6 199	1	Fri Sep 13	Thu Sep 12	Wed Sep 11	Year ago (approx)
	& SUB-SECTIONS			Ëst. Earplogs	Gross Oiv.	Est. P/E	xd adj.				
Fig	ures in parentheses show number of stocks per section	loder No.	Day's Change	Yleid% (Max.i	Yield% (Act at (25%)	Ratio (Net)	1991 10 date	Index No.	No.	Mo.	Ho.
1	CAPITAL G0025 (183)	862.49	-0.5	9.37	5.60	13.23	28.07	867.23	871.75	868.52	703.83 866.99
2	Bullding Materials (24)	1125.38		7.96	5.53	16.02	33.99	1124.99	1132.01 1172.26	1122.71 1170.18	
.3	Contraction Construction (31)	IT 184 041	+0.8	8.32 9.59	6.37 5.50	16.30 13.38	42.94 69.65	1174.77 2429.23	2456.19	2454.84	
4	Electricals (11)	2402.53	-1.1	9.95	5.13	12.58	49.11		1802.21	1796.99	1542.63
5	Electronics (24)	17/4,65	-0.1	16.49	6.69	7.32	14.36	378.57	378.49	383.68	424.22
6	Engineering-Aerospace (B)	3/4./3	-1.0 -0.6	10.39	5.16	11.80	14.61	501.51	501.97	499.20	398.76
- 7	Engineering-General (45)	498.49	+1.0	14.58	7.78	8.33	17.48	449,40	448.14	446.67	409.47
8	Metals and Metal Forming (8)	362.48	-0.6	8.08	6.63	15.80	14.36	364.70	366.25	365.16	
. 9	Motors (12) Other industrial Materials (20)		-1.6	7.79	4.96	15.25	55.15	1669.63	1680.00	1671.77	1194.19
	concurred english (1981)	11540 411	-0.7	7.36	3.54	16.78	30.65		1584.10	1570.81	
£1	Brewers and Obtiliers (22) Food Manufacturing (19) Food Retailing (17)	1007 50	-0.7	8.05	3.51	15.14		1920.02	1927.29	1922.70	1452.92
22	Food Manufacturing (70)	1240 04	-0.4	9.27	4.02	13.32	26,32	1244.89	1246.39	1236.74	
25	Food Petalling (17)	2712 32	-0.6	7.93	3.07	16.49	45.01	2727.97	2726.16	2712.79	
20	Hankli and Household (22)	3695.62	-11	5.47	2.54	20.97	58.20	3736.16	3749.26	367B.45	2347.24
20	Health and Household (22) Hotels and Leisure (23)	1376.36	-0.2	8.23	5.06	14.80	37.66	1379.07	1368.58	1379.47	
30	Media (26)	11533.761	+0.2	7.19	4.65	18,12		1531.02		1528.72	0.00
211	Dacksolno Pager & Printing U.S	J /37.70	1.0	7.33	4.26	16.57	22.26	767.86	768.47	765.65	488,78
341	Street (32)	11022-24	-1.1	7.42	5.63	17.57	18.14	1036.49		1030.23	752.96
35	Tambiles (S)	1 043-341	-0.4	7,16	4.83	17.73	15.16		651.48	646.32	406.93
451	NTUES CONIUS (189)	115/4/04	-0.1	9.45	5.07	13.26	35.14		1287.23	1285.09	995.89
41	Designate Carriers (12)	11443.241	+0.4	7.47	4.54	16.56		1437.37		1434.16	0.00
42	Chamlests (21)	11440.08	-1.9	7.05	5.01	17,52		1468.54		1489.51	1317.53
43	Conglomerates (10)	1483.32	+0.4	9.91	7.11	12.21 17.25	27.00	1478.08 2368.98		2352.07	
			+0.3	7.18	4.78	9.05	27.53		1244.13	1245.64	0.00
45	Electricity (16)	1244.56		14.19	5.23 3.94	13.45		1524.30	1541.40		
46	Telephone Networks(4)	1540.75	+1.1	9.73 16.19	6.09	6.84	118.37	2528.70	2513.36	2503.39	
47	Electricity (16) Telephone Networks(4) Water(10)	1876.34	-1.7	5.33	5.28	25.95	69.99	1908.70		1922.05	
48	MISCELLINEOUS (23)	1304.46	-0.5	8.42	4.43	14.76					
49	INDUSTRIAL GROUP (480)	2398.71	-1.7	10.86	5.79	12.18	92.84	2441.00		2450.22	
51	OH & Gas (20)	1399,25	-0.6	8.72	4.60	14.39		1408.16			
59	500 SHARE INDEX (500)				5.62		29.98	B35.64	839.80	834.28	676.4
61	FINANCIAL GROUP (92)	831.29	-0.5	4,40	5.50	42.66	36.83	977.67		972.82	719.8
62	Banks (9)	969.13	-0.9	4.40	5.38	72.00	60.57				
65	Insurance (Life) (7)	11370.43	-1.4		6.80	_	28.25		664.14		575.20
66	Insurance (Composite) (6)	648.07	-0.7	6.98	5.77	18.77	41.27	1179.30		1145.66	801.4
67	Insurance (Brokers) (9)	460.36			4.55		12.54		457.07	453.39	348.5
68	Merchant Banks (7)	957.99	+0.7	5.79	4.86	24.30	22.40	951.34	953.91	954.96	896.07
98	Property (36) Other Financia) (18)	267.71	-0.5	10.72	6.79	11.73	9.28	268.96	268.32	267.85	246 B
.70	Other Financia) (18)	1243 11			3,48	_	25.50	1251.78	1250.67	1245.15	1040.42
71	investment Trusts (69)	1261.32	-0.6		4.70		34.68	1269.19	1274.61	1267.80	1015.9
99	ALL-SHARE DIDEX (661)		_	Day's	Day's	Sep	Seo	Sep	Sea	Sep	Year
. '		Index No.	Day's Charge	High (a)	Tom (P)	13	12	11	10	9	ago
		,		2615.8		2625.8	2641.9	2676.6		2653.2	2094.3

	FIX	ED I	NTE	RES	Г			AVERAGE GROSS REDEMPTION YIELDS	Mon Sep 16	E 89	Year ago (approx.)
	PRICE INDICES	Mon Sep 16	Day's change %	Fri Sep 13	Accrued Interest		1 =	British Government Low 5 years Coupons 15 years (0%-71, %) 20 years	8.54 9.35 9.35	8.50 9.34 9.35	11.05
2 3 4	British Government Up to 5 years (26) 5-15 years (27) Over 15 years (91 Greekersables (6)	122.79 135.68 143.51 160.76	-0.10 -0.02 +0.03	143.54 160.72	1.99 0.68 2.84	9.88 10.60 8.83	7 8	Medium   5 years   15 years   15 years   15 years   15 years   16 years   16 years   17 years   18 years   1	9.62 9.50 9.46 9.81 9.58 9.51 9.56	9.57 9.49 9.46 9.77 9.58 9.51 9.56	12.16 11.59 11.28 12.25 11.87 11.60
-	All stocks (70) Index-Unker Up to 5 years (10) Over 5 years (10)	133.88	-0.07	133.98 164.24 148.61 149.64	-	9.48 2,72 3.42 3.40	13	Inflation rate 10% Over 5 yrs.	- -	3.60 4.19 2.55 3.99	4.34 3.44 4.14
		114.09		114.47		7.83		Dels & 5 years Loans 15 years 25 years	11.28 11.07 10.92	11.28 11.07 10.92	14.05 13.06 12.74

Afrening index 26.13.9; 9 am 2610.7; 10 am 2608.6; 11 am 2612.8; Noon 2606.5; 1 pm 2606.1; 2 pm 2605.6; 2.30 pm 2603.9; 3 pm 2604.7; 4.10 pm 2606.3; (a) 8. Scam (b) 2.39 pm 2 Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues, A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SEI 9HL. The ISSUES, ARRE IN OICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, they thouse 42.47 Minories, London ECSN 1DY. Tel: 071-702.0991. Due to technical problems there are no ladex lighted in disc gublished in this edition. CONSTITUENT CHANGES: Racal Electronics (46) has been detected and replaced by Volutione Group (46).

Finan Offs Plant Mines Others	clai a	nd Pro	perties		reign Bond			0 319 135 10 126 31	93 60 28 1 36 64	51 2 4 1 93 89 50 46 28 5 1 36 9		
T	otals			=				524	6	47	1	1,578
EQI	LITI	ES	L	OND	ON R	CENT	ISS	UE	S		_	
Issue Price	Am'nt. Paid	Lates. Remuse Date	19 High	91 Low	St	ack	Closing Price	+OF	Met Div	Times Cov'd	Gross Yield	P/E Ratio
25 4 100 100 100 146 100 5290 11 100 100			京日の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本	29 155 41 11 11 11 12 14 11 12 14 11 12 14 14 14 14 14 14 14 14 14 14 14 14 14	Ahrbrath Le Canhai Vento Carter Ig Eurotanne! 'S Gartsner So Bo. Capital . Do thits Irish Life irii Kleimsor. Hi Lorodes Lan Scottich Vala 45 Impsons of \$2 Janeica Ig. US Sanaler Co Do. Warnant	91 Wrats	8355 3355 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	+212	M11.6 M11.6 M7.5 M7.5 L11.5 al.8	1.9	5.63 4.9 5.1	9.8 - - - 14.7 34.6 14.9
_	_		FI	XEI	INTE	REST S	STO	CK:	S			_
100 100 100	•	Paid TD F.P. F.P.	Latest Renunc Date	High 10X		Cambourne Int Claybithe 91 <sub>2</sub> 9 Sartmore Scot Klebwort, Higi	Stor s. 10½ g c Ow. Li land Zen		eb. 2001	P	rice E 991 <sub>2</sub> 791 <sub>2</sub>	+ OF
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			RI	GHT	OFFERS		_
Issue Price	Amount Pald	Latest Remot	19		Stack	Clasing Price	+ 01
9	40	Date	Hilgh	Low		P	Ŀ
over based forecast or respectes stimutes for icid based official esti-	on divide estimated or other or r 1991. L on prospec mates for i mates. W e. rr Relat	nd on full annualised annualised fficial esti Estimated fas or othe 1992, Q Gr Pro Form protection	capital, g / dividend ra limitus for antualised r official e russ. R Fore a figures. ( + Unitstati	prospectus lessument dh ste, cover ba 1990-91. divisiend, c dismates for east annual	Cleon-F-Zere Mayflower Corp. 59	limicary fij land yleid b s ör öther s. M Divid prospectus o prospectus o t leitrofec	ures. o esed on official end and er other er other etion. 4

TRADITIONAL OPTIONS

First Dealings
Last Dealings
Last Declarations
Last Declarations
For settlement
For rate indications see and of

Option	CALLS PUTS Oct Jan Apr Oct Jan Apr	GALLS PUTS Option Oct. Jun Apr Oct. Jun Apr	CALLS PHTS Option Sep Dec May Sep Dec May
Alid Lyons (°597°)	550 61 ½ 73½ 89½ 6½ 15 20½ 600 27 43½ 59½ 23½ 25 39½ 650 11½ 24½ 37½ 57½ 63½ 67½	Hallorer 750 2612 4612 5912 1212 25 3012 (*760 ) 600 712 23 3412 4212 4912 5712	Eurotaenei 460 33½ 57½ 77½ 2 16 27£ (*494) 500 10½ 36 55 12½ 31 42½
ASDA		Ditramer 240 17½ 25 28 3½ 6½ 11½ (*252 ) 260 6 14½ 16½ 14 16 21½	6tam 1300 48 105 143 64 354 484
(*99)	80 20½ 12½ 23½ ½ 1 1 2 90 10½ 14½ 15½ 1 2¼ 4½ 100 5 8 11 4 5¼ 8		
Brit, Airwys	160 27 29h 34h 1 4 5h	Belts Acro 420 16 29 3012 2312 3212 40	Hamber Stid. 550 57 50½ 65½ 1e 11 18½ (*584   600 4½ 25 39½ 17 35½ 41   Hillsdown 240 16 24 31 1e 6 9
r185 )	180 12 16 21 5 5 9 11 4 200 24 7 12 5 15 15 20 23 23 2	(*414 ) 460 4½ 12½ 18 58½ 61½ 69 844 420 45½ 54½ 68 3½ 9½ 12½	(°25) 260 5 122 18£ 7 142 182
SmKl Bee clom A (*769)	750 352 575 785 105 23 295	C457   460 18 30 43 16 22½ 27 BAT tests 650 28½ 50½ 61½ 18 22½ 27½	Lanrho 220 15½ 24½ 28 1 4 9½ (*235) 240 2½ 12½ 15½ 7 12 20½
	800 11½ 31 51½ 38¼ 46½ 50½ 850 24 16½ 32½ 51½ 83½ 85½	(*653 ) 700 8½ 25½ 38½ 46½ 50½ 53½ BTR 420 21 33 39½ 10 17 23	Middend Bit 220 15½ 25½ 32½ ½ 5¼ 8½ (*235) 240 3 14½ 21 5½ 12½ 16½
Books (*436 )	390 50½ 56 67½ 1 4¼ 6 420 24½ 34 45½ 4¼ 11½ 15½ 460 4 14½ 25 24½ 31 31	(426) 460 54 144 224 364 40 444	Mational
B.P. (*332 )	300 3212 3612 4012 12 212 6 330 10 17 12 12 13 6 12 12 13 14	Brit. Telescom 360 35½ 41½ 49½ 3½ 8 10 7388 ) 390 13 22½ 31½ 12½ 19½ 22½	Power 140 13 18 20½ 1½ 2¼ 5 (*153) 360 ¼ 7 9½ 7 9 13½ Resters 900 16 69 96 4½ 34½ 30½
British Steel	360 17 54 10 28/2 30/2 32/2	Castlery Sci. 390 361 <sub>2</sub> 50 54 9 14 191 <sub>2</sub> (*412.) 420 181 <sub>2</sub> 31 40 22 26 321 <sub>2</sub>	(*914) 950 3 43 67½ 31½ 60½ 75 R. Royce 140 3½ 10¼ 14½ 2½ 6½ 10
(*126 )	150 24 5 84 6 10 10 12 140 ½ 2 5 15 17 18	Exeters Elec 180 12½ 19½ 22½ 5 8 10 (*186) 200 5 9 13½ 15½ 10½ 20½	(°142) 360 4 34 7 18 18½ 22
Bass (*966 )	950 - 50 75½ - 35½ 40½ 977 21½ - 26 -		Schra 90 4 7½ 11 1½ 3¼ 4½ (194) 100 ½ 3 6 6½ 8½ 10½
	1000 - 3012 50 - 6312 6612	Getones: 1000 35 60½ 77½ 38½ 39½ 48½ (*1000) 1050 17½ 37 55 60½ 67½ 72½	THF 280 19½ 12½ 19 3¼ 11½ 13½ (*280) 300 ¼ 3¼ 10 19½ 25¼ 26½
C & Wire (*571 )	500 74 84 - 14 5½ - 550 32 48 65½ 6½ 16½ 21½ 600 74 23½ 39½ 32½ 40½ 44½	GEC 100 15½ 19 23½ 2¼ 4½ 6½ (*191 ) 200 5 8½ 13¼ 10½ 13 14	Thorn ENI 800 10½ 39½ 53½ 11 30½ 36½ (*802) 850 1½ 17 34½ 50 56½ 59
Courtaulds (*497 )	420 81 89 101 ½ 2¼ 4½ 460 43 36 70 2½ 8½ 11½ 500 15½ 31 46½ 14½ 22 24½	Hereign 200 1914 2212 2414 119 514 714 (*214) 220 7 1014 1412 9 1514 18	758 140 12 18½ 21 ½ 1½ 3½ (°152) 160 ½ 6½ 9¼ 7 9½ 12
Com. Union	#0 57 h 74h - h 2 -	LASMO 300 1912 3012 3412 912 1312 19 (*305 ) 330 7 1512 20 2512 2912 3412	Vani Reets 60 34 74 10 1 54 74 (** 62) 70 4 54 6 84 10 13
(*518 t	500 26 42 5 512 412 912 1512 550 44 16 24 3212 3412 4012	Locas teats 140 17½ 18½ 21½ 4 6 8 (*153 ) 160 4½ 812½ 14½ 16½ 18½	Wellcome 700 40 66½ 91½ 2¼ 20 20½ (*738) 750 8½ 40 64 21½ 40¾ 48½
Fisous (*499 )	460 45 56 69 24 84 124 500 134 31 44 13 22 27 550 44 16 24 324 344 404	P. & O. 519 30½ 46½ 55½ 15½ 19½ 29½	Option Sep Dec Sep Dec 5 c o t t I s b
GICH:		Pilkington 360 14½ 19½ 24½ 6 11 13½	Poser 110 2 7% 9½ 2% 4% 7 (*110) 120 ½ 3½ 5½ 11 12 15½
(*372 )	330 44½ 54½ 62½ 1 4½ 10 360 21½ 34 40½ 6½ 12½ 20½ 3%0 5½ 21 26 22½ 28 36	Production 240 161 <sub>2</sub> 241 <sub>2</sub> 281 <sub>2</sub> 41 <sub>4</sub> 61 <sub>2</sub> 91 <sub>2</sub>	EURO FT-SE DIBEX (*2606) 2425 2475 2525 2575 2625 2475 2725 2775
Grand Met. (*828 )	800 42½ 67½ 80½ 9 25 30½ 850 16 37 53½ 31½ 46½ 51½ 900 4½ 21½ 33½ 73½ 78½ 82½		CALLS Sep 199 149 100 574 234 5 12 12 Oct 215 169 126 884 575 334 16 7
		Racal 47 7 9 - 3 5 - (%51) 51 412 7 - 5 712 -	Not 232 - 149 - 834 - 384 -
M12691	1250 50% 98% 114 25% 41 59% 1300 25% 71% 86% 48 63% 82%	RTZ. 500 58½ 74½ - 2¼ 7½ - (*547) 550 21½ 41½ 46½ 17 24½ 32½	0ec 253 - 172 - 107 - 56½ - Mar 294 - 216 - 153 - 101 - Jan 340 - 273 - 210 - 155 -
Kinglisher 1570 )	550 28 48 64 8½ 17½ 22 600 7 24 38 37½ 42½ 46½	Scot. & New 390 31½ 39½ 50½ 6 14 16 (*409) 420 15 24 34½ 20 27½ 29½ 7esco 280 11½ 19½ 23½ 9½ 11½ 15½	POTS Sep 1½ 2 4½ 9½ 26 57½ 101 150 Oct 8 11½ 17½ 28½ 46¼ 69½ 102 142 Mor 14 - 28½ - 30½ - 111 -
Ladbroke	• -	(280) 300 312 10 144 2212 2312 2612	Occ 19 - 31 h - 66 h - 111 -
7282 1	280 94 18 244 101 164 204 300 24 94 15 25 29 31	Thames Water 390 32½ 13½ (7391) 400 10½ 10½ - 14 10 -	Dec 19 - 31½ - 66½ - 111 - Mar 31½ - 53 - 88 - 123 - Jun 60 - 80 - 110 - 148 -
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#### **UK COMPANY NEWS**

Plans for further growth by acquisition

# **Enlarged Morgan Crucible** improves 7% to £28.5m

ACQUISITIONS helped Morgan Crucible, the industrial materials manufacturer, report a 7 per cent increase in taxable profits for the stx months to

end-June.
While operating profit remained static at £35m, pre-tax profit rose from £26.6m to £28.5m. Turnover was £310m

Mr Bruce Farmer, chief executive, said more acquisitions would follow. Morgan is cur-rently conducting due dili-

gence audits in five companies, worth about £85m, which it is interested in buying.

Helped by cost reductions margins have remained static.

A rationalisation programme resulted in the loss of 1,000 jobs last year and another 500 in the period under review to bring the total workforce down to 11,000.

Further joh losses are expected and Morgan has earmarked £3m as an extraordinary item to cover redundancies in a factory which is soon to be closed. Mr Farmer said the item was being taken above the line because it would not recur.

Mr Farmer, while pessimistic about any possible UK upturn, said he remained confident about Morgan's future. Capital

about Morgan's future. Capital expenditure for the year-end is expected to have increased from £22m to £36m a year.

The interim dividend is raised from 5.49p to 5.75p. Fully diluted earnings per share fell from 11.7p to 10.2p.

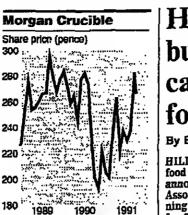
Most of Morgan's business is now based abroad, with 37 per cent in North America and 24 per cent in continental Europe. per cent in continental Europe. Mr Farmer said there were already signs of improvement in the North American market.

"We believe the US will be the first out of the recession," he

The Carbon division (£56.1m) and maintained its operating profits at £9.3m in spile of difficult trading condi-tions which affected industrial

and automotive markets.
Thermal Ceramics boosted its profits to £11.7m (£10.8m) on the back of acquisitions. The newly-formed Specialty Materi-als and Technologies Division increased its profits to £9.4m (£8.6m). The only division to report a fall was Technical Ceramics,

which turned in operating profits of 25.1m against 26.3m previously. The company blamed adverse trading conditions in the Australian power distribu-





#### about any UK upturn

# Richmond pins hopes on gas field sale

Peggy Hollinger looks at an oil company's attempts to raise \$20m

N A last-ditch effort to avert a qualification from anditors, Richmond Oil and Gas, the London-listed US natural resources group, has had to delay posting its annual accounts to shareholders.

However, Mr David Wilkin-

son, joint managing director, said he expected the accounts to be sent in the next few days - without a qualification - once a deal which could raise

between \$15m (£8.8m) and \$20m has been completed.
For Richmond, which develops low-risk oil and gas reserves, faces a severe liquid-

Cost over-runs, disappoint-ing assets and falling gas prices have takeo a heavy toll on the group, which announced annual losses of £795,000 on turnover of £7.5m

Yesterday's news was greeted with little surprise in the City. The abare price has plunged from 173p in June last year to just 17p last night, reflecting a widespread and longstanding disillusionment with the group.

Richmond'a immediate prob-lems will only be solved by the sale of a 75 per cent stake in its coalbed methane field in the San Juan Basin in Colorado.

Mr Wilkinson said the group expected to sign a deal today. Since Richmond was floated in July 1989, it has spent some \$14m developing the San Juan

property.
Once the sale is completed Mr Robert Fox, the group's relatively new non-executive chairman, maintains Ricbmond will return to profits. His ace, he says is the Richmond Ranch, a sprawling 100,000-acre property in west Texas, of which Richmond Oil claims

50,000 acres. Mr Wilkinson says Richmond is in the unique position of owning complete operational control: it does not have to pay royalties on output, nor does it have to meet drilling requirements. "We can set the pace of

our own programme."
Proven developed reserves of oil on the ranch are 4.5m barrels, while proven gas reserves stand at 40bn cubic feet. The group also claims a furtber

This announcement appears as a matter of record only

6.5m barrels of proven but undeveloped oil reserves, and 210bcf proven but undeveloped gas lies under the ranch.

But Richmond urgently needs cash to develop the field's potential. And there lies

the rub.

Bnying Richmond Ranch, which many analysts say was overpriced at \$80m, depleted already stretched reserves.
Richmond Oil'a liquidity
problems are not new. Ever since its debut on the London stock market, it has been beset with troubles.

Of the four main properties with which it was floated, two have proved unworkable. The Panhandle properties in Texas, which were by far the most highly valued in the pro-apectus at \$30m proven and

\$50m probable reserves, are now virtually closed down. Richmond has also relinquisbed its license on the Hayes field in Louisiana, without even drilling a well. That leaves San Juan, soon to be sold, and Richmond Ranch, which cannot be further developed until the deal is

completed. However, Richmond has won some praise for its Jicarilla joint venture with the Apache nation to explore 25,000 acres of tribal land. The company has farmed out exploration to American Hunter, a subsidiary of the Canadian Noranda group, and agreed a percentage of production profits in return.

cash flow is some way away, say analysts. It will take a lot to repair the company'a City reputation. Problems have included the virtually ignored flotation in 1989 in which 85 per cent of shares were not taken up, and a disputed £31m cash call in October last year, after which underwriters County NatWest found itself holding 5.5m

Yet Jicarilla's contribution to

Mr Fox, who came to the group at the invitation of County NatWest after the rights issue, admits that Richmond has to work on its image.

"The credibility of our man-agement has fallen to a very low level in London," he

July 1991



has acquired a majority shareholding in:



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#### Hillsdown buys ABF canning side for £20.6m

By Bronwen Maddox

HILLSDOWN Holdings, the food manufacturer, yesterday announced that it had bought Associated British Foods' canning and ready meals business

Hillsdown's HL Foods business is the UK's largest super-market-brand vegetable canner, with a turnover of £170m

ABF, the milling and baking group, was one of its main competitors, with a £50m turnover canning business. Given Hillsdown's market sbare, estimated at over 20 per cent. some analysts yesterday

questioned whether the deal would need OFT approval. However, Mr John Jackson, deputy chairman of Hillsdown, emphasised that "canning sbould now be seen in a Euro-

pean perspective".

He said that, when merged, the two businesses would compete better with rapidly increasing imports from large European canners as the European industry consolidated. Both companies specialise in peas. carrots, potatoes and baked beans, and in room tem-

perature ready meals. Hillsdown's canning busi-ness bas had a toogh year.

Baked bean wars, destocking and rationalisation costs

in 1990 cnt canning profits by about £5m to £15m, analysts ABF will receive 8.23m Hillsdown ordinary shares but

will be restricted from selling them freely for two years.

Hillsdown also announced that it bad acquired El Toro, the Dutch meat snack mannfacturer, for an undisclosed

amount. El Toro would be

merged with Hillsdown's exist-ing Dutch meat snacks busi-Hijisdown made pre-tax profits in 1990 of £191m on turnover of £4.2bn. It bad debt of some £500m at the year end, and a gearing of 72 per cent.

MEPC sells London property for £18.7m MEPC, the UK's second largest property company, has sold an office building in London's Holborn to Dentsche Gesellcbaft Fur Immobilienfonds (DEGI), managers of the largest open-ended German property fund, for £18.7m. writes

Vanessa Houlder.
The deal is MEPC's third sale to continental European investors this year, reflecting their increasing importance in the UK property market. The deal, via MEPC'a Ortem

Developments subsidiary, was struck on a net initial yield of 8.5 per cent. Part of the 40,000 sq ft building in Chancery Lane has been let to Denton Hall, Burgin & Warren, the so ft at a rent of £51 per sq ft in May 1990.

# Back on the right track but not yet going fast enough

Guy de Jonquières on Dalgety's future as number two

hardly comes across as a radical reformer. Yet since he was catapulted into the job less than two years ago, he has acted decisively to transform Dalgety's position as a company which had lost its way.

When Mr Warren took over, Dalgety was a loose assortment of food and agribusiness activiof food and agribusiness activi-ties, with geographically scat-tered operations and an increasingly patchy earnings record. Its image in the City was poor, having been severely damaged by what many ana-lysts regarded as the ill-judged acquisition of Gill & Duffus, a commodity trader in 1985. commodity trader, in 1985. Mr Warren has instituted a

far-reaching shake-up intended to rid Daigety of poorly per-forming activities, improve efficiency and refocus the company on a narrower range of businesses, with emphasis on the UK and continental Europe, The changes included:

The disposal of Gill & Duffus; of most of Dalgety Farmers, an Australian sheep business which is now beguits in ness which is now heavily in loss; and of about a dozen other, smaller companies.

The extensive reorganisa-tion of the company from a geographic to a product basis and the removal of a tier of middle management. Dalgety's closed and staff at its London bead-office halved to about

R MAURICE Warren, the unassuming chief executive of Dalgety, brands, such as Winalot and Kattomeat pet foods, Golden Wonder crisps and pot noodles, Spillers flour and Homepride baking products. Advertising spending has trebled to about £30m in the past three years.

Though the disposals were reflected in a fall in the company's pre-tax profits in the year to June, profit before exceptional items and earnings per ahare hoth rose slightly. Meanwhile, net gearing improved dramatically during the year from 37 to 18 per cent.

aving sbown his skills as a cutter. Mr Warren will be indged in his third year of office by his success as a builder. "We're now at the stage where underlying growth becomes the priority, saya Mr Alan Erskine, food industry analyst with Salomon Brothers, who believes the atock market has not yet

appreciated the full extent of Dalgety's turnround.

Dalgety is sometimes faulted for lacking world leadership in any large foods market — a charge it vigorously contests.
"Clearly, we haven't got a
Mars Bar." says Mr Warren,
but quickly points out that it is first or second in the UK mar-kets for pet foods, crisps, pot foods and home cooking mixes, "Being number two doesn't mean you can't make good

money," says Mr John Martyn, Dalgety's finance director, "But you obviously make more money out of heing number

Still, for a company with European ambitions, Dalgety's food business is heavily dependent oo the UK. Though it owns a Dutch snacks business and recently bought small pet food and food ingredients companies in France and Germany, barely £100m of last year's £3.8bn turnover came from the

continent.
Further acquisitions clearly figure prominently in Dalgety's expansion plans. "If the right acquisition came along at £100m-£200m and gave us a good European stake, we could make it - even if threw out our gearing temporarily." our gearing temporarily because our investors now understand what we are trying

to do," Mr Warren says. "
However, be is cautious about the prospects. "There is a lot of talking going on in Europe at the moment, but finding the right husiness that prepared to sell is very difficult." he says.

eanwhile, it would hardly be surprising if Dalgety's improving fortunes earned it a place among the British food companies repeatedly canvassed by the City as potential targets for a large predator hungry for a bigger slice of the European foods husiness.

# Dowding & Mills falls 28%

By Ivor Duce

DOWDING & MILLS, the electrical and mechanical repair group which has launched a hostile £13.6m bid for Torday and Carlisle, the engineering group, yesterday reported a 28 per cent fall from £11.72m to £8.42m in pre-tax profits for the year ended June

The Torday board said in a statement that the offer was unwelcome and should he rejected. Reasons would ba given but meanwhile bolders sbould take no action. In the stock market Torday shares jumped by 26p to 90p, while

Dowding lost 1p at 60p. Dowding sales grew 5.6 per cent to £79.6m (£75.4m) but Mr Peter Hollins, chairman, said that the recession had not been just confined to the UK but had also been felt elsewhere. most notably on the continent of Europe. Both the Nether-lands and Luxembourg turned in reduced sales and profits, while Germany had to absorb Stein and Vendel, a rewind company, the assets of which were bought last November. Profits were also reduced hy £400,000 due to one-off costs

Mr Hollins said that the board was continuing its policy of steadily increasing dividend of steadily increasing dividend payments and proposed o final of 1.52p to make a total of 2.4p, an increase of 11.1 per cent. Earnings per share amounted to 4.09p (5.96p), after tax of £2.92m (£4.11m).

On the future, the chairman said that the company was seen.

said that the company was sen-sitive to changes in the various sectors of the economy. From its own indicators, it would appear that the recession started in October 1990 and bottomed out at the end of

#### WORLD TELECOMMUNICATIONS

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Service Market

#### **UK COMPANY NEWS**

Improvement on services side offsets fall in motor sales

# Incheape declines 5% to £91.3m

By Jane Fuller

INCHCAPE, the international motor distributor, marketing and business services group, saw pre-tax profit fall by 5 per cent from 295.8m to £91.8m in the half-year to end-June.

Improvement on the services side offset a fall in motors, which still accounted for hearly half of group profit.

The share price gained 10p to those at 402p, a new high, giving the group a market value of £1.5bu.

Turnover rose to £1.75bn (£1.67bn), while operating profit fell 11 per cent to £84m (194.8m) with associated com-panies contributing £12.9m (£14.2m). Interest costs were more than halved at £6m (£13.4m).

Advarse currency movements knocked £5.2m off profits in translation and property gains were nearly £5m lower at

Sir George Turnbull, chairman, said that in motors, where operating profit fell to \$53.3m (£51.9m), Mann Egerton, the UK retail business, was affected by the fall in the new

car market. With UK new car sales forecast to decline to little more than £1.5m this year, the mar-ket was well below "the £2.3m be £2.4m needed to keep the motor industry healthy in this country," he said.

Yellow this barsh environment,

the Toyota distribution opera-tion had gained market share. in Greece, Hong Kong and China, sales had increased.

In Singapore, bowever, motor imports were damaged by quota restrictions. Marketing and distribution, which includes trade in huild-

ing materials, pharmaceuticals and fashion goods, rose to £29.7m (£28.5m). Advances in Hong Kong and Japan were partially offset by a downturn in Singapore, where the Gulf war had curtailed Japanese

The biggest improvement came in services, which rose 82 per cent to £26m (£19.7m). Nearly two thirds came from insurance, including the hroker Bain Clarkson.

Shipping ahowed modeat improvement, inspection and testing took a big step forward, and bnying aarvices - for dapartment atores - was turned round with the help of an acquisition and investment in information technology.

The sale of the group's tea interests produced an extraordinary gain of £12.6m (£3.4m), helping to lift retained profit to £42m (£32.1m).

After a reduced minority charge of £5m (£10.1m), earnings per share stay at 14.5p. The interim dividend is raised

to 5p (4.8p).

**DIVIDENDS ANNOUNCED** 

Inchcape's sbare price has more than doubled in the past 12 months as its defensive qualities have come to the fore about the prospects for Toyota in Europe. The group's expo-sure to the UK is limited. Domestic profit accounted for

Total last year



Sir George Turnbull: Toyota arm gained market share

only 23 per cent of the total. compared with just over 30 per cent from faster-growing econ-omies in the Far East. The agreement with Toyota ties Incheape to a bandwagon that should really start rolling in Europe in 1993, although hy 1998 its share of Toyota GB will be reduced to 49 per cent. Turning to the husinesses in its long-term control, the test

will be to both huild them up and prove that they can make combined progress, rather than simply proving a comforting swings-and-roundehouts pro-file. A full-year forecast of just over £180m pre-tax (£174m) gives a prospective p/e of nearly 15. With recovery pros-pects for UK motor trading thrown in, the stock is worth

#### Growth continues at Tibbett & **Britten**

DESPITE DIFFICULT trading conditions, Tibbett & Britten Group, the transport and distribution company, reported continued growth in the six months to June 28. Pre-tax profits improved by 17 per cent from £5.4m to £8.34m.

Turnover also advanced by 17 per cent to £84.3m (£71.8m). Mr John Harvey, chairman, said that almost all the increase was organic growth reflecting the impact of the previous year's developments including a auhatantial ncrease in activities for B&Q.

During the period the com-pany took over management of Digital Equipment's UK trans-port, obtained a contract with Sears to deliver women's wear to its chains and bought out the minutive in Towards bear the minority in Toronto-b Transcare.

The shares closed at a new high of 500p, np 4p on the day. At the end of the period the company had uet cash of £2.3m and the pre-tax figure was helped by net interest receivable of £194,000 against

net charges of £423,000. Earnings per share were 12.3p (10.5p) and the interim dividend is 3.4p (2.9p).

## Strong growth continues at Medeva with rise to £4.02m

By Michiyo Nakamoto

MEDEVA, the independent pbarmaceutical group, reported s surge in pre-tax profits to \$4.02m in the first half of 1991 compared with the £522,000 it achieved in the first six months after it was formed. The result was struck after taking £1.03m of pre-acquisition profits of MD Pharmaceu-

ticals into the goodwill

account. The trading results of MD, the US specialist drug company, acquired in May, were included from April 1. Turnover rose 64 per cent to £33.2m (£20.2m) which reflected both organic growth and gains from acquisitions, the company

The group, which is chaired by Mr Bernard Taylor, a for-mer Glaxo chief executive, has

expanded rapidly with a string of acquisitions in the less than in addition, a two years since it was formed in January 1990.

The strong rise in first-half turnover includes a contribu-tico from Thomas Kerfoot, which was acquired in July last year, sales of products acquired from SmithKline Beecham in late 1990 and five months sales of Wellcome's vaccine husiness, which it acquired this January.

Despite its flurry of acquisi-tions the group is cash posi-

It has achieved a sharp fall in its research and development expenses with the reduction of R&D work oo Cootra-cau and the sale of its diagnostic products develop-

in addition, a rationalisation programme has been implemented in its Evans-Kerfoot generic pharmaceuticals division, which is expected to benefit the group towards the end of this year, along with the modernisation of its factory.
An interim dividend is declared for the first time of

0.5p. Earnings per share were 2.35p. (0.48p).

The group has a stated strategy to become a significant independent force in the pharmaceutical industry" through and internationalisation of

national products. As part of that strategy, it expects to make further acquisitions in the US.

#### TECHNOLOGY IN THE OFFICE

The FT proposes to publish this survey on

It will be of special interest to the 145,000 Businessmen involved in decision making about office equipment, who read the FT .If you want to reach this important audience, call Edward Batt on 071 873 4196 of fax on 071 873 3062.

# British Gas introduces changes to the Long Term Interruptible Schedule for its Contract Gas Customers

The Schedule below, Ref. LTI3, has been produced by British Gas and supersedes Schedule LTI2 in respect of all Long Term Interruptible Gas contracts entered into from 17th September 1991. Copies of this Schedule are available from the Registered Office or Regional Head Offices of British Gas plc.

#### RRITISH GAS plc. CONTRACT GAS PRICING SCHEDULE LONG TERM INTERRUPTIBLE GAS Effective: 17th September 199.

This Schedule LTI3 supersedes Schedule LTI2 in respect of all Long Term interruptible Gas

Under Section 14(4) of the Gas Act 1986 British Gas may enter into special agreements (contracts) with Customers for the supply of gas through pipes to premises which they own or occupy on the prices and terms shown in this Schedule subject to the conditions of a standard contract entitled "Special Agreement for the Supply of Gas: Long Term interruptible Gas." British Gas reserves its position as to whether to enter into contracts where it considers that to do so is nor consistent with its overall duties under Section 9(1) of the Gas Act 1986. The prices and terms shown do not apply to back-up gas or to the other forms of supply identified in Condition 5 of

Copies of this Schedule and conditions of contract are available from the Registered Office or Regional Head Offices of British Gas plc.

(ii) Standard Terms of a Long Term Interruptible Gas Contract:

Gas will be supplied under a standard contract, on the basis that the supply is taken for not less than 10 and not more than 15 Contract Years to a Customer wishing to consume gas at premises in its ownership or occupation at which its Nominated Consumption of gas must be in excess of 50 million therms per Contract Year at the premises. Each Customer (including its affiliate companies; see note 10) is limited to a maximum of 525 million therms Nominated Consumption in aggregate under this Schedule and any previous Long Term interruptible schedules, which is equivalent to a eximum actual consumption of 666 million therms.

The earliest start date is 1 July 1995 and the latest start date is 50 June 1996 (see note 3). Under the standard contract terms the supply of gas will be interruptible for a minimum period of 7 days (see note 8) and a maximum period of 45 days in each Contract Year. The periods of interruption, which will occur at British Gas' discretion, may or may not be continuous.

The Basic Scheduled Reference Price for all quantities of gas consumed under a Long Term Interruptible Gas contract will vary in accordance with the specific type of escalation terms chosen by the Customer. These choices are set out in Table 1.

TABLE 1	LONG TERM INTERRUPTIBLE GAS								
ESCALATION TYPE	Α	В	С						
INDEXATION	15 Gas Oil	20 Gas Oil	25 Gas Oil						
<b>%</b>	15 Heavy Fuel Oil	20 Heavy Fuel Oil	25 Heavy Fuel Oil						
	35 PPI	30 PPI	25 PPI						
	35 Electricity	30 Electricity	25 Electricity						
	or Coal	or Coal	or Coal						
BASIC SCHEDULED REFI	ERENCE PRICE (pence p	er therm)							
	20.30	19.80	19.60						

The following options are available in respect of which the Basic Scheduled Reference Price will be modified by the amount stated.

(a) Restricted Interruption Option.

(iii) Optional terms for a Long Term Interruptible Gas contract:

Whilst still retaining a maximum period of 45 days interruption in a Contract Year, the facility is offered to restrict periods of interruption to a maximum of 15 days in any continuous period of 30 days. The charges for this alternative are set out in Table 2.

TABLE 2	ADDITIONAL CHARGE FOR RESTRICT	ADDITIONAL CHARGE FOR RESTRICTED INTERRUPTION  A B C  OULED REFERENCE PRICE (p/therm) 0.5 0.5 0.5						
ESCALATION TYPE		A	В	c				
ADDITION TO BASIC SC	HEDULED REFERENCE PRICE (p/therro)	0.5	0.5	0.5				

Provided the resulting price does not fall below 18.6 pence per therm, the Basic Scheduled Reference Price (Table 1) or its Restricted Interruption alternative (Table 2) may be modified by the pence per therm figures set out below or by any proportion of those pence per therm figures.

TABLE 3	PHASING MODIFICATIONS TO PRICE (p/therm)											
CONTRACT YEAR(5)	1	2	3	4	5	6	<del>-</del>	В	9	tO	tt-t5	
OPTION(1)	-1.5	-1.5	-1.5	-1.5	0	+1.31	+1.31	+1.33	+1.31	+1.31	BASIC PRICE	
OPTION(2)	-1.25	-1.25	-1.25	-1.25	-1.25	+1.50	+t.50	+1.50	+1.50	+1.50	BASIC PRICE	

Appropriate proportions of the financial amounts arising from the application of such price phasing will be repayable to British Gas in the event of termination within the first ten Contract Years.

(iv) Price reduction for gas consumed in excess of 125 million therms per contract year. Customers who have taken more than 125 million therms at any one premises under this Schedule in a period of one Contract Year will be given a reduction on the Basic Scheduled Reference Price including, if applicable, the options referred to in (iii) above, for gas consumed in excess of 125 million therms in that period. See Table 4 in next column.

TABLE 4		H INCREMENTAL TRANCHE OF GAS INTERRUPTIBLE CONTRACT
TRANCHE	THERMS CONSUMED IN A CONTRACT YEAR	PERCENTAGE REDUCTION FOR EACH TRANCHE OF GAS CONSUMED
1	t 10 125,000,000	Nil
2	125,000,00t to 200,000,000	0.25
3	200,000,001 to 300,000,000	0.50
4	300,000,001 to 400,000,000	0."5
5	400,000,001 and thereafter	00.1

(v) Notes 1. Conditions of Contract

The notes given in this Schedule summarise elements of the standard conditions of a Long Term Interruptible Gas contract and the way in which they will be applied. They are not exhaustive and cannor take precedence over, or modify, any of the terms or conditions of the standard contract entered into by any individual Customer.

2. Annual Nominated Quantity of Gas

An annual nominated quantity of gas may be fixed for each Contract Year by the Customer within the range of plus or minus 15% of the Nominated Consumption, except that in the first Contract Year the range will be plus 15%/minus 30% of the Nominated Consumption. The Customer shall take at least, or make a minimum payment for gas equivalent to, 70% of this annual nominated quantity. If the supply has been interrupted at the direction of aritish Gas, then an allowance will be given for the days interrupted in ascertaining the annual consumption for the purpose of minimum payment calculations,

The Start Date is the date from which the Contract Years will run and the minimum payment obligations will apply, although British Gas and the Customer may agree that gas for commissioning may be taken prior to the Start Date.

Potential Customers will be required to evidence, prior to or within 6 months of signing the contract, to the reasonable satisfaction of British Gas that they have the financial capability to meet their contractual payment, indemnity and other obligations so as to sustain a Long Term Interruptible Gas contract. Evidence of satisfactory progress on associated planning, engineering and commercial

The pressures at which British Gas supplies gas vary at different parts of the gas supply system. British Gas will supply gas to a Customer at a pressure above the statutory minimum level if this is available at the point of supply. For pressures up to 35 bar British Gas will use reasonable endeavours to maintain any such elevated pressure. If British Gas expects the supply pressure to reduce to a lower

level permanently then not less than 36 months' written notice will be given. Under the contract the mechanism for determining the price of gas, in accordance with the specific escalation terms selected by the customer, shall be set out in a price indexation formula

tilising indices which give effect to these escalation terms, Prices are Quarter 1 1990 prices. The prices and other terms shown in this Schedule may be modified at the discretion of British Gas. These prices and other terms will not be altered within 28 days of any previous alteration without the consent of the Director General of Gas Supply (Ofgas). Customers should note that alterations to

the prices and other terms may be put into effect immediately upon notification by British Gas However, such alterations will not have effect on Customers who have entered into a contract under this Schedule prior to such modification. The aggregate period of interruption over the 10 to 15 Contract Years will be not more than 300 days.

Without prejudice to the rights of British Gas to interrupt supplies of gas provided in accordance with this Schedule, the requirement for a minimum period of interruption shall be deemed to have been suspended unless and until at least three months have expired from the giving by British Gas of notice under the contract with the Customer of its intention to implement such minimum period of

The prices in this Schedule are exclusive of Value Added Tax or any other tax, duty or Impost. 10. Affiliate Companies

For the purposes of determining maximum actual consumptions under this LTI Schedule "Affiliate" means: (a) any holding company or subsidiary company of the Customer or any company which is a subsidiary of such a holding company and the expressions "holding company" and 'subsidiary company" shall have the meaning specified in Section 736 of the Companies Act 1985 (except that the words "a majority of in Section 736(1) (a), (b) and (c) shall be replaced with the words (50 per cent or more

(b) any company which controls a Customer or any company which is subject to control by a company which also controls a Customer using the definition of control set out in Section 410(2) (a), (b) and (c) of the Income and Corporation Taxes Act 1988 (except that the words "the greater part of" in those Sections 416(2), (a) (b) and (e) shall be replaced with the words "50 per cent or more of")

BRITISH GAS pic, REGISTERED OFFICE RIVERMILL HOUSE 152 GROSVENOR ROAD LONDON SW1V JJL REGISTERED IN ENGLAND UNDER NUMBER 2006000

# **British Gas**

At & the St. Oct 31 29 . . . . . 92 . Dividends shown pence per share net except whare otherwise stated. "Equivalent after allowing for scrip issue. 10n capital increased by rights and/or acquisition issues. \$USM stock. \*Includes special of 0.3p.

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EASE OF SCOTILL

BASS OF SECTION

BOARD MEETINGS

GOLD FIELDS OF SOUTH AFRICA LIMITED (Incorporated in the Republic of South Africa) (Registration No. 05/04181/06)

DECLARATION OF DIVIDEND (No. 87)

- UNITED KINGDOM CURRENCY EQUIVALENT

in accordance with the standard conditions relating to the payment of dividend No.87 declared on 20 August 1991, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R4.9039 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 13 September 1991, as advised by the Company's South African bankers. The United Kingdom currency equivalent of the dividend (No. 87) of 130

cents per ordinary share is therefore 26.50951 pence per share. By order of the Board per pro GOLD FIELDS CORPORATE SERVICES LIMITED S.J. Dunning, Secretary United Kingdom Registrar:

Bourne House

London Office: Francis Street 16 September 1991

34 Beckenham Road Beckenham, Kent BR3 4TU A MEMBER OF THE GOLD FIELDS GROUP

Notice to Lombard Depositors

The following is	nterest rates will ap	ply from 16/9/9	91
14 DA	YS NOTICE	Minimum initial deposit \$5,000	
	GROSS % PA	GROSS CA	R % PA
When the balance is less than 25,000	6.375	6.5	3
When the belance is 25,000 and above	9.25	9.5	8
CHEQUE SAY	INGS ACCO	UNTS #	inipia 12 jacon 12 jacon
<u> </u>	GROSS % PA	GROSS CA	R % PA

6.14 6.00The above grose rates assume no doduction of basic rate income tax, compounded primise rate (CAR) is activised if the quarterly interest credited

3.375



£1,000 - £4,999

When the balance is

3.42

This advertisement is issued in compliance with the regulations of the Council of The international Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any securities.

Application has been made for the Warrants of English & Scottish Investors p.L.c. to be admitted to the Official List. It is expected that such admission will become effective and that dealings will commence in the Warrants on 17th September, 1991.

English & Scottish Investors p.l.c. (Incorporated in England Registered No. 237017)

One for five Warrant Issue to Equity shareholders

of 32,313,368 Warrants, which entitle the holders to

subscribe for Ordinary shares at

90p on 30th April in any of the years

1992 to 1998 (inclusive)

Listing particulars relating to the issue of Warrants have been approved as required by the listing rules made under section 142 of the Financial Services Act 1986. Copies of these listing particulars are included in the Companies Riche Service of the London Stock Exchange and these listing particulars may be obtained by collection only, during normal business hours, from the Company Announcements Office at 46-50 Finsbury Square, London EC2 up to and including 19th September, 1991 and up to and including 1st October, 1991 from:

English & Scottish Investors p.l.c. Gartmore House, 16-18 Monument Street, London EC3R 8AJ

Kleinwort Benson Securities Limited PO Box 560. 20 Fenchurch Street, London EC3P 3DB

To the Holders of

#### **Great American Bank** (formerly, Great American First Savings Bank)

Collateralized Floating Rate Notes Due 1992 (the "Notes")

The undersigned, as trustee (the "Trustee") under the Indenture dated as of October 1, 1985 (the "Indenture") among Great American First Savings Bank (now, Great American Bank) (the "Company"), the Trustee and Union Bank, Co-Trustee (the "Co-Trustee"), under which the Notes are outstanding, hereby notifies you, as required by the Indenture, that on August 9, 1991 the Company was put into conservatorship and Resolution Trust Corporation ("RTC")

was appointed conservator of the Company.

The appointment of a conservator constitutes an Event of Default under the Indenture permitting the exercise of certain remedies thereunder according to the terms of the Indenture. However, we have been advised that Section 11(e)(12)(A) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), provides: "(A) IN GENERAL—The conservator or receiver may enforce any contract...notwithstanding any provisions of the contract providing for termination, default, acceleration, or exercise of rights upon, or solely by reason of, insolvency or the appointment of a conservator or receiver." We understand that RTC believes that this section of the law would overrule the provisions of the Indenture and would prevent any exercise of remedies if

the only Event of Default were the appointment of a conservator.

In addition, Section 5.02 of the Indenture may be applicable, which Section provides in substance that if the only Event of Default is the appointment of the Federal Savings and Loan Insurance Corporation (or any successor thereto) ("FSLIC") as receiver, liquidator, assignee, trustee, sequestrator (or other similar official) in respect of the Company, no acceleration of the maturity of the Notes shall occur unless the Trustee shall have been notified in writing that

FSLIC does not object to such acceleration of maturity.

We are not aware of any other Event of Default under the Indenture. The collateral held by us presently meets the coverage requirements of the Indenture and such collateral appears to comply with the terms of the Indenture.

Any questions or communications with respect to this notice may be addressed to the Trustee at the following address:

Citibank, N.A. Corporate Trust Administration 120 Wall Street - 13th Floor New York, NY 10043

Attn: Vincent Lopez Tel: (212) 412-6226

September 9, 1991

CITIBANK, N.A., as Trustee

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange"), It does not constitute an invitation to the public to subscribe for, or purchase, any

Listing Particulars relating to Adam & Harvey Group PLC have been delivered for registration, in accordance with section 149 of the Financial Services Act 1986, to the Registrar of Companies in England and Wales.

Introduction to the Official List of



Adam & Harvey Group PLC

(Incorporated and registered in England and Water No. 426240).

Rea Brothers Limited

Application has been made to the Council of The London Stock Exchange for the admission to the Official List by way of introduction of 4,279,766 Ordinary Shares of 25p each, issued and fully paid, In Adam & Harvey Group PLC.

The Listing Particulars are included in the Companies Fiche Service maintained by The London Stock Exchange and copies are available by collection only during normal business hours from the Company Announcements Office, The London Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD on 17th and 18th September, 1991, and until 2nd October, 1991 (Saturdays and public holidays excepted) from:

Adam & Harvey Group PLC

Neptune House, Triton Court, 14 Finsbury Square, London EC2A 1BR

Financial advisers: Rea Brothers Limited Alderman's House London ECZM 3XR

Kleinwort Benson Securities Limited 20 Fenchurch Street London EC3P 3DB

17th September, 1991

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# CABLE AND SATELLITE

The FT proposes to publish this strucy on Oceaner 21 1991.

The FT is read by 50% of Heads of International Finance in Europes heading companies. If you want to reach this important audience, call Edward Batt on 671 677 41% or fax 671 873 3662.

Data source: IFM 1929.

FT SURVEYS

#### **UK COMPANY NEWS**

# Rugby shares rise to 200p Ransomes suffers despite 21% fall to £27m

RUGBY GROUP, the huilding materials company which sup-plies about one fifth of the UK's cement market, suffered a 21 per cent decline in profits in the six months to June 30. Pre-tax profits fell from £34.5m to £27.4m in the face of the severe downturn in world construction markets.
The interim dividend is

maintained at 2.85p and the shares responded positively to the news, rising 4p to 200p.

The group continued to be cantious about the second half, stating that the much talked-beat uniters in the III had

about upturn in the UK had nut yet materialised, although "there are faint signs that the worst may be over. Mr Peter Carr, managing director, said that lower interest rates had not come in time to have a beneficial effect on the secondhalf performance.
Rugby's main markets in the
UK, US and Australia were all
depressed in the first half by
the effects of recession.

In the UK, where its cement business provides 40 per cent of overall trading profit, the group suffered a 29 per cent

Rugby was particularly vulnerable to the current recession as it is regionally biased towards the south-east, which

has been the worst affected. Joinery was down to £7.51m (£9.35m), while the steel division, which last year saw the eod of a contract to supply reinforced steel to the Channel tunnel, fell to £1.03m (£1.56m).

In the US, the joinery companies "deteriorated further". Rogby said. The US market was severely hit by the effects of the Gulf war with a £578,000 first-balf loss (285,000 profit) concentrated in the first four months of the year.

Declines in operating profits

from the European joinery and steel businesses were partially offset businesses were partially offset by a 41 per cent rise in the glass division to £805,000 (£570,000). The group was able to realise the benefits of heavy investment in its French glass transformation operations.

COMMENT

The 21 per cent profits decline, following the 25 per cent fall at

decline in profits to £10.3m the year-end, failed to rub the shine off Rugby. The group has won acclaim in the City for its quick response to the deteriorating trading environment and its strong balance sheet, showits strong balance sheet, show-ing net cash of £5.5m. Even Rngby's 29 per cent fall in cement profits compares favourably with Blue Circle's 45 per cent drop. The interim results were on the better end of forecasts, lifting the shares and rescuring in matters of the

of forecasts, lifting the shares and reassuring investors of the group's solid qualities. The market has pretty much discounted any recovery until at least 1992 and the 200p barrier looks a tough one to breach in the long term. However, the combination of its exposure to the housing market and the group's strong asset base (with group's strong asset base (with sharebolders funds conservashareholders funds conserva-tively estimated at about 90p per share and good cash flow approaching 20p per share) make Rugby one of the more attractive stocks in the indus-

try. Full-year profits are fore-cast at £55m and give earnings per share of 13.1p, which looks undemanding, relative to its

# loss of £767.000

By Michiyo Nakamoto

RANSOMES, the grass year are known." The previous machinery manufacturer, interim was 2.05p.

Operating profit totalled it plunged into losses in the face of depressed sales, high interest charges and rationalis-

ation costs. The group reported pre-tax losses of £767,000 in the six months to June 30, against a profit of £7.47m on turnover down 19 per cent to £47.8m (£59.6m). Trading overall had suffered

from the effects of recession in its main markets in the US and Europe, while its European operations were hit further by a cold, dry spring which depressed sales in the commercial division.

The weak economic environ-ment had hit the commercial and industrial side in particular as local authorities in the UK cut down on capital expen-diture and the pace of golf course development had fallen, said Mr Bob Dodsworth, chief executive.

In view of an uncertain outlook in the second half, the group decided that "it is pru-dent not to declare a dividend until the results for the full

interin was 2.059.

Operating profit totalisd
24.53m (£12.29m), reflecting a
68 per cent decline to £3.52m
(£11.12m) in the contribution from the commercial grass machinery and industrial prod-ucts and vehicles division and a fall to 2514,000 (£1.05m) from the consumer grass machinery business.

Some property disposals resulted in a contribution to operating profit of £397,000 (£132,000).

(£132,000).

The result left Ransomes with a retained loss of £3.84m (£1.95m profit). Losses per share were 1.6p against earnings of 6.7p.

The reversal came despite substantial cost-cutting and destocking which was launched in the first half. Poor sales in 1990 had left it with high stock levels. Meanwhile, 13 per cent levels. Meanwhile, 13 per cent of the workforce has been made redundant, resulting in exceptional costs of 2362,000.

Mr Dodsworth, warned that a further consolidation of a operations was likely to result in an extraordinary charge in a

#### **Buy-in puts** £8m tag on Quiligotti

By Ian Hamilton Fazey, Northam Correspondent

QUILIGOTTI, tbe Stockport-based manufacturer and installer of terrazzo floors, has been taken over hy a man-agement buy-in team beaded by Dr Roy Jenkins, the former managing director of Marley Extrusions, and backed by 13 institutions led by Edinburgh Fund Managers and Equitable Life.

Dr Jenkins' team has bought 66 per cent of Quiligotti shares from privately-owned Riordan Industries at 29p per share, valning the company at £8.41m. An offer is being made for the remaining equity at the same price to deter sale to the buy-in team. The shares, traded on the

USM, closed 1p higher at 33p. "If anyone wants to sell, we would prefer they did so through the market. We intend to keep the USM listing," Dr Jenkins

The minority shareholders include members of the Quiligotti family, headed by Mr Eddie Quiligotti, the Italian-born founder and current chairman. His sons Gerard and Paul are respectively managing director and sales and

marketing director.

The company is recognised throughout the building industry as UK market leader in terrazzo flooring, used mainly in supermarkets, airports, and railway station concourses. It recently announced a large contract for Eurodisney in

France. Dr Jenkins said there would be talks with the Quiligotti family and management on Friday to discuss "their on-going active role in the huslnass", which will retain the Quiligotti name and exploit its

image.

Mr Eddle Quiligotti is expected to be offered the presidency of the company, with Mr Campbell Allan, former chairman of Norwest Holst replacing him as chairman. The other members of the buy-in team are Mr Michael Quinlan, formerly finance director of Tarmac Ritumen Roofing and Mr Maurice Fitzgibbon, former sales director of Tarmac Roof-ing Systems.

#### FBD advances 15% to I£4.4m

Holdings, Dublin-based composite insurer, lifted pre-tax profits hy 15 per cent to I£4.43m (£4.05m) for the six months to end-June.

The increase from last time's I£3.86m came on turn-over ahead to I£36.4m (I£32.1m). An interim dividend of 1.6p (1.3p) is declared, pay-able from earnings per 50p share of 6.17p (5.02p).

# Lopex passes dividend after £916,000 loss

LOPEX, the marketing services group which has restructured its interests after a senior management row, is passing its interim dividend following a fall from pre-tax profits of £3.41m to a loss of £916,000 in the first half.

Mr Peter Thomas, who was appointed as chief executive a year ago after tha surprise departure of Mr John Castle, said the group had been trad-ing profitably since May and hoped to make a profit for the full year.

The shares were static at 50p on yesterday's announcement. Lopex, like other marketing services companies, has been affected both hy the recession and hy the impact of the Gulf war on business confidence during the first six months of the year. Mr Thomas said its performance improved in the second quarter but not enough to eradicate the losses in the

"awful first quarter".

Turnover in the six months to June 30 fell from £119m to £111m and operating profits from £698,000 to £80,000. The group paid £948,000 (£924,000) in interest. It produced losses per share of 4.1p (earnings of 7.87p).

in addition to the pressures of war and recession, Lopex also incurred costs associated with its recent restructuring when it rationalised its interests and sold a number of sub-

It has been left with surplus properties at a cost of about £1m a year. Mr Thomas said that "realistically" it could not expect to dispose of these properties until 1993. It also incurred redundancy costs of £500,000 in the first half. The closure of its Newcastle operation and costs associated with the departure of Mr Ray Fine, former chairman of the direct marketing company RCF, each

cost £200,000. Mr Thomas said the restructuring was largely completed.

However, it was still in the throes of selling or merging a number of "minor loss makers" in the UK and overseas. He expected to complete this

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by the end of the year.

Lopex reduced its net debt from £13.9m to £7.6m at the end of the interim period by selling Overad and MEAL, two subsidiaries. It had rejected approaches for other businesses, said Mr Thomas, as it was not prepared to sell at "fire sale prices".

The group continued to trade profitably, he said, although

the market was still "very difficult", particularly for recruit-

## Amstrad-Marconi videophone next year

By Michael Skapinker

AMSTRAD and GEC Marconi are developing a video telephone which they intend to sell as a mass consumer prod-uct to be available from retailers by the third quarter of next

year. Amstrad said the telephone would be within the price range of its other consumer ets. which suggests that it will sell for less than £500. It will have a flip-up colour

screen measuring three inches by four inches with an inhuilt video camera allowing callers to see one another.

GEC Marconi will concentrate on the development of the contract of the development of the contract of the

pean video phone market will be worth £1.7bn annually by BT is a participant in the European Videophone Experi-ment (Eve-2), along with France Telecom, Deutsche

phone's electronic data com-

pression system, while Amstrad will be responsible for the

design of the unit. BT estimates that the Euro-

Bundespost, Norway Telecom, PTT Nederland and SIP Italy. Amstrad and GEC Marconi have collaborated previously in the manufacture of television satellite dishes. Satellite equip-ment was the only area of

any growth last year and the any growth last year and the company has been looking for additional consumer products to add to its range. Although Amstrad has launched several new computers, it has found it difficult to recover from defects in products it sold in the late

 Amstrad said yesterday that of the US for over \$150m (£87m) for allegedly supplying it with faulty disc drives which it used in its computers. Amstrad is expected to launch a second

suit shortly against another unnamed US company. Amstrad recalled 7,000 of its computers in 1989 after discov-

ering faults in their disc drives. Earlier this year it said it 3 would make an exceptional write-down against unsold computers of £20m, a sum equivalent to nearly half the previous year's pre-tax profits. The company said it had begun proceedings against Sea-gate in California, where the US company has its headquarters. Amstrad said it was claiming compensation for financial loss and damage to

rad's PC2386 computer. Seagate said: "We feel the suit is without merit and it will be vigorously defended."

lts reputation. The Seagate

disc drives were used in Amst-

# Fii declines to £7.2m in spite of record exports

By Joan Gray

DESPITE RECORD exports of £10.4m, Fii Group, the footwear and scientific equipment manufacturer, suffered a downturn in pre-tax profits from £8.75m to £7.15m for the year ended May 31, well below the £8.5m brokers' forecast.

The figure was struck after an exceptional charge of £750,000 to cover the full costs of redundancies in the footwear division.

Turnover was ahead at £80.3m for the 52 weeks against £74.4m for the previous 53

Exports contributed 13 per cent against last time'e 10.9 per

Footwear continued to be the company's higgest earner, making £69.5m turnover and £6.22m exports. Within the division, the Lotus brand improved home sales by 14 per cent and exports hy 26 per cent. Flona Footwear more than trebled its exports to

"Bnt it was a tough year," said Mr Monty Sumray, chair-man. "The division met strong resistance to higher selling

of our financial year, while having to absorb higher costs. Net margins fell to 8.9 per cent, from 11.3 per cent. So, in order to safeguard our position without reducing manufacturing capacity or market share, we bad to make substantial savings involving the reduction of the division's workforce

by 8 per cent." Fii's scientific and technical division increased its turnover to £10.8m (£10.5m) despite cut-backs in its customers' bud-

prices, exacerbated by the VAT gets. Profit was down at increase during the second half \$960,000 (£1.51m). Group earnings came out at

33.5p (40.2p) per share.
An increased final dividend ?
of 7.75p (7.25p) is recommended, making a total of 12.75p (11.25p), covered 2.6

The year-end cash balance

stood at £7.8m.
"We are well placed to take advantage of an upturn in the economy, which appears more likely to occur in the second half of our current financial year," said Mr Sumray.

#### COMPANY NEWS IN BRIEF

ASSOCIATED BRITISH Foods and payment of certain acoushas sold its food canning business, including Anglia Can-ners, Tayside Foods and Glenest, laysus roots and cie-nest Foods to a Hillsdown Holdings offshoot. BEAVERCO: Rights issue acceptances bave been received in respect of 1.55m

new ordinary shares (22.02 per cent). The balance of 5.5m shares will be placed with underwriters CASTLETOWN PRESS is acquiring Darley Business Forms, of the UK, from Mr Nelson Loane in exchange for 61,077 shares, repayment of a sbareholder loan of £665,000, increased to £354,000 (£204,000)

sition expenses not exceeding 1980,000. Mr Loane will become chief executiva of Castletown group. Castletown is also raising E1.09m by the placing and open offer of 1.32m shares, at 90p each on a 1-for-2 basis.

COOK (DC) has sold its first Spanish petrol filling station site since it acquired Norfolk Espana in June to BP for Ptal95m (£1.1m) cash. Scottish Amicable Investment Managers has also announced it has sold its 4.63 per cent holding. EADIE HOLDINGS: Pre-tax loss for six months to June 30

on turnover of £9.64m (£11.7m). It has sold Aunic Engineering, the non-trading intermediate holding company of Astraflex, to Sermatech (UK), a wholly-owned subsidiary of Teleflex, for a total £2.45m in cash. Astraflex is a supplier of spe-cialist bulk hose. The proceeds will be used to reduce borrow-

GREENCORE's offer for Food Industries has been declared unconditional following acceptances in respect of 87.59 per cent of the ordinary shares. MACARTHY: The recommended offers made by Lloyds Chemists have been extended

until 3pm Friday, September 27. At September 13 the total number of Lloyds ordinary shares owned and valid accepshares owned and valid acceptances amounted to 12.39m(45 per cent making 51.3 per cent with the 6.3 per cent owned by Centurion which is deemed to be acting in concart with Lloyds). Lloyds has received an irrevocable undertaking from John Govett on behalf of a discretionary client to accept the cretionary client to accept the ordinary offer in respect of 4.62m Macarthy ordinary(16.8

per cent). TRY GROUP: of recent rights issue acceptances received in respect of 98.4 per cent.

# The Independent completes refinancing

NEWSPAPER PUBLISHING, the company that publishes The Independent and The Independent on Sunday, has successfully completed an £8.25m

Existing shareholders took up 61.8 per cent of the rights issue with the institutional shareholders subscribing for 31.8 per ceot and the two principal shareholders, newspaper groups La Repubblica of Italy and El Pais of Spain, each agreeing to take 15 per

The refinancing was agreed unanimously at an extraordinary general meeting vesterday. The two newspaper groups had agreed to underwrite the issue, which was linked with a new £8m loan facil-

ity. If no other shareholders had invested the combined La Repubblica/ El Pais stake would have risen to about 42 per cent.
As a result of taking up the slack in the rights issue the two news-

paper groups will each have a total of 18.04 per cent of Newspaper Publishing.
The result will give a breathing space to Mr Andreas Whittam Smith, editor

and chief executive of The Independent. Unless there is an unexpected further downward turn of the advertising recession, the £16m refinancing should be enough to see the company through to profit. To make sure there will be fur-ther cost-cutting the deal will be backed np with a likely wage freeze.

As an inevitable part of the arrangement the extraordinary meeting also removed the present 15 per cent limit on shareholdings in the company's articles of association.

Some consideration was given to imposing a higher limit but this was considered impractical.

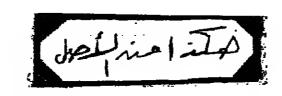
This means that for the first time The

Independent can be taken over, subject to monopolies legislation on ownership of newspapers.
At the EGM Mr Whittam Smith paid tribute to the company chairman Lord Sleff who is retiring. Mr Whittam Smith said that Lord Sleff's contribution had been one of the

essential factors behind the success of The Independent.



Andreas Whittam Smith: success



Sarry Williams

16.000 los

next year

d exports

profits plummeting from £40.1m to just £3m. The auction house saw turnover for the six months to June 36 halved from £105.2m to £50.2m, a further deterioration on the £62m in the second half of the previous year. Modern and impressionist

By Bronwen Maddox

art, previously half of sales, fell by 90 per cent and out-weighed a 21 per cent rise in Old Mastera which were boosted by Imelda Marcos' Phi-lippines collection.

inpines collection.

Nevertheless, the 160 job cuts early in 1991, the first for 15 years, helped convert second half operating losses of £282,000 to a £453,000 profit. The group announced yesterday that a further 40 job losses later this year would bring the staff total below 1,400.

A fall in cash balances to £15m from £30m in December

£15m from £30m in December 1990 and £52m in June 1990 pulled net interest received down

Earnings of 0.98p (13.59p), only partly covered the main-tained interim dividend of 2.3p. Mr Christopher Davidge, managing director, said that

**Quicks** in

black with

£368,000

By ivor Duce

months to June 30.

AFTER INCURRING a loss of

The profit, however, was

achieved against turnover down from £126m to £107m.

Mr Norman Quick, chair-man, said that although Traf-

ford Park Leasing continued to suffer from unsatisfactory bro-

ker-introduced husiness in the commercial vehicle market, he

was confident that provisions

being made throughout 1991 were adequate to cover any further defaults. There was no doubt, he said,

that the group remained in a strong recession, with new car

The interim dividend Is

and £57,000 was written off for



**UK COMPANY NEWS** 

while the second half would hardly hit the heady heights of 1989, there was a much greater mood of optimism around.

Christies' impressive response to the recession at least allowed it to preserve the word "profit" in its interims, more

auction and print costs and these fell back when turnover slumped. The cuts in fixed costs were also admirably prompt – the joh cuts were announced on the last day of the 1990 season. Few are sug-gesting that impressionist prices will soar back to the heights of the late 1980s. But they may nonetheless bounce, ally tr and the present strength in price.

furniture, silver and Old Masters suggests that a modest upturn may be starting. On £10m pre-tax for the full year (£43.1m) and earnings of 3.3p (14.4p), the p/e of 54 certainly assumes that. Although the 24 per cent ADT stake continues to overhang the market, a sustained recovery would gradnally translate to a higher share

# CE Heath sells reinsurance arm

CE HEATH, the insurance broker, yesterday sold Pinna-cle, its specialist reinsurance husiness, for \$63.7m (£36.8m). The buyer was Centre Reinsurance, a subsidiary of Zurich Insurance Company, one of Europe's largest insurance

£2.35m in the second half of last year following an excep-tional charge of £2.34m, Quicks groups.
Pinnacle contributed £4.6m Group, the north-west and Midlands motor distributor, moved back into the black in the six to the group's pre-tax profits of £25.6m in the year to end-March 1991, and represented Pre-tax profits, after excep-tional items of £330,000 £31.1m of its year-end net assets of £50m. (£1.17m) and employee share scheme — £18,000 against £85,000 — fell from £1.7m to

Growing competition in reinaurance would soon have required Pinnacle to take on underwriting risks and commit more capital, said Mr Peter Presland, chief executive.

Heath set up Pinnacle in the 1980s to specialise in "time and distance" policies, a highly-specialised form of financial rein-surance which for many years enjoyed high margins and The purchaser already owns

a Bermuda-hased financial reinsurer, one of Pinnacle's main competitors.
Some £20m of the proceeds would be used to cut Heath's

debt of £45m, reducing gearing from 55 per cent to helow 30 per cent. The halance could be used to expand the core broking husiness, Mr Presland

To allow Centre Re to huy general mee transaction.

whole company, Pinnacle would be sold first to Vertex, a new company owned by Pinnacle's executive management, and the contracts then transferred to Centre Re's subsid-

Analysts had thought that long-standing litigation between Pinnacle and the liq-uidators of Mentor Insurance, the Bermuda insurer owned by Ocean Drilling and Exploration Co, might frustrate Pinnacle's sale, but Heath announced yesterday the mutual release of all claims.

The group has yet to declare the date of the extraordinary general meeting to approve the

# Single premium fall hits Irish Life

By Tim Coone in Dublin

IRISH LIFE, the Republic's higgest insurer and fund man-ager, yesterday reported total premium income of IE324.9m (£297m) for the first six months of the year, an advance of 164.5m on the same period in

The company was privatised registrations for the half-year down 25 per cent on the previous year and sales of commerin July this year, and as indicial vehicles 40 per cent lower; the depressed level was con-tinuing in the second half. cated in its offer document, no interim dividend is to be paid. although in a statement to shareholders Mr Conor McCarthy, chairman, said that it was the intention to recomhaived to 1p — last year's final was reduced from 4p to 1p — with earnings per share down to 1.6p compared with 7.2p.

Tax took £70,000 (£452,000) mend a final of 5.44p for the

current year. The company achieved 15 per cent growth to I£28.4m in new business in recurring preextraordinary items (£84,000 mium sales in Ireland, Its main

£8.26m to £9.8m.

of the healthcare division con-

tinued to expand through

cant influx of orders over the

40 per cent to 1.75p (1.25p).

Alexander Russell

drops to £908,000

first quarter combined to push

down both profits and turnover at Alexander Russell, the Glas-

gow-based quarrying, concrete

and coal company.

Pre-tax profits for the six

months to June 30 fell 29 per cent from £1.29m to £908,000

Turnover dropped from £18.8m

most strongly in the company's

block and paviour factories. Its expanded roof tile operations

and the coal division returned

Earnings per share came out at 1.4p (2.24p) and the interim dividend is maintained at 1p.

riormed better than expected

The overall decline was felt

past few months.

focus of activity, and had e particularly strong showing through Interstate, its US subsidiary, with new business sharply ahead from I£17.9m to

New single premium husiness, however, was down by 32 per cent, from 1£99.7m to 1667.9m, a result of the fall in investment markets in Ireland in 1990. However, Mr McCarthy pointed out that this still repre sented an increase in market

New single premium husiness in the UK was unchanged

**NEWS DIGEST** 

Davy, the company's stock-brokers, said that the results were in line with expectations and that other companies had taken a similar "hammering" on single premiums in the first Group pension husiness in half of the year, but that an ireland was also bnoyant upturn is expected in the recording a 29 per cent remainder of 1991, increase over last time. Meanwhile, 1 Meanwhile, lrish Llfe

France, a wholly-owned subsidiary, has received authorisa-tion to carry out both life and non-life husiness in France where it plans to invest I£25m over the next four years. We hope to start in early

1992" the company said. One of the rationales behind the privatisation was to develop the company's international insur-

#### Impressionist slump knocks Christies 26% fall at Scholes after interest and exceptionals

By Peggy Hollinger

INTEREST CHARGES and rationalisation and rednndancy costs knocked back taxable profits at Scholes Group, the electrical installation com-pany, in the year to June 30. Profits fell 26 per cent to £4.58m pre-tax.

The group also cut its final dividend from 5.22p to 3.4p, making a total of 5p

Turnover rose 11 per cent to £67.3m (£60.5m). Mr Bill Richards, finance director, said that virtnally all of the increase in sales was due to the inclusion for 12 months of Dorman Smith, the industrial switchgear business bought in January last year.

Interest charges were sharply higher, also due to the acquisition, at £1.63m

(£911,000). Mr Reg Harrington, chair-man, said he was encouraged hy the group's performance. Scholes had maintained its overall margina despite a tough trading period, he said. Staff was reduced by about 13 par cent and management changed in three divisions. Rationalisation and redun-

dancy costs resulted in an exceptional charge of £1.03m (£446,000).

Mr Harrington stressed the importance of the joint ven-ture with Asea Brown Boveri, the Swiss/Swedish engineering company. This would leave the group, which currently derives about 90 per cent of sales from the UK and some 45 per cent from the residential housing sector, well positioned to take advantage of the single Euro-pean market in 1992.

The joint venture had also benefited Wylex, the group's principal subsidiary which manufactures circuit breakers and fuseboxes, hy the inclusion of ABB products.

Earnings per share fell from 11.2p to 8.5p.

COMMENT

The news of a cut in dividend did not shake the shares,

which rose 3p to close at 111p. The yield is a healthy 5.8 per cent, well above the market average. Scholes already has a reputation for quality and solid management, and tha joint venture with ABB can only enhance that. The result-ing broadened product range has steadied the order book and it should show a consistent improvement over the next year. The higgest problem remains recession. If the latest news of an upturn in housing starts to hear fruit, then Scholes could henefit quite significantly. On the worst-case scenario, forecasts are running at £5m profits for next year, giving prospective earnings per share of about 9p. How-ever, the bulls are looking for £6.7m, with earnings of 12p. The shares look cheap at the

£786,000 (£2.23m). Mr Michael

Kent, chairman, pointed out that the limited turnover

reflected not only the current

state of the market but also the

company's conservatism and

the completion of its forward property sales. Continental Paper, the 40 per

cent-owned associate, contin-

ued its recovery, with much improved production and cost

new management.

£718.000.

at the year-end.

vels under the equity-owning

After tax of £172,000

(£85,000), earnings per share were 4.96p (2.29p); the interim dividend is maintained at 3p.

Thompson Clive Inv

Pre-tax profits at Thompson

Clive Investments, which is

currently concentrating on the medical sector, fell from

£365,000 to £354,000 in the six months to June 30. Revenue

was down from £751,000 to

Net asset value per share

was 166.7p at June 30. This was down from 172p the year before, but ahead on the 163.8p

No interim dividend is pay-

able but it is anticipated that a

down to £354,000

# **Barlow Rand Limited**

Disposal of Middelburg Steel & Alloys and the Barlow Rand group's chrome interests

Rand Mines

Limited

(Registration number 01/00656/06) ("Rand Mines")

Standard Merchant Bank Limited is authorised to announce that, subject to the conclusion of a formal agreement to be entered into, agreement in principle has been reached between Barlow Rand, Rand Mines and Vansa ("the sellers") and Anglo American Corporation of South Africa Limited, Anglo American Industrial Corporation Limited, Columbus Joint Vanture, De Beers Consolidated Mines Limited, Gencor Limited, General Mining, Metals and Minerals Limited, Highveld Steel and Vanadium Corporation Limited, Samencor Limited and Samencor Chrome Limited ("the purchasers") in terms of

Barlow Rand will dispose of its interest in MS&A and Rand Mines will dispose of its chrome mineral rights and its interest in Henry Gould (Proprietary) Umited for an aggregate cash consideration of approximately R1 025 million; and

- Vansa will dispose of its interest in Winterveld Chrome Mines Limited ("Winterveld") for a cash consideration of approximately R50 million. This will result in Vansa being substantially a cash shell subject to the applicable rules of The Johannesburg Stock Exchange. ("the disposals").

The disposals are subject to certain conditions precedent, the approval by shareholders of Vansa's disposal of Winterveld and the approval of the appropriate statutory and regulatory authorities. All risk and benefits in MS&A and the Barlow Rand chroma interests will pass to the purchasers from 1

The disposals are an indivisible transaction considered by the Barlow Rand group to be strategically appropriate for the following reasons in principle:

the evidenced cyclicality of MS&A's earnings and its significant capital expenditure requirements are typical of this commodity based business which has had a disproportionate impact on the group; and

ds of the disposal will have an immediate and significant positive affect on Barlow Rand's balance sheet and income statement. Looking forward, Barlow Rand will be well placed to pursue those investment opportunities able to generate the growth in earnings and dividends required to provide Barlow Rand shareholders with a real rate of return over time.

Had the disposals taken place with effect from 1 October 1990 then the anticipated affect on Barlow Rand's consolidated results for the year ending 30 September 1991 would be to increase earnings per share by approximately 50 cents and tangible net asset value per share by 120 cents per share. Based on these assumptions the disposal of Winterveld would increase Vansa's earnings per share by approximately 5 cents and tangible net asset value by 28 cents per share for the year ending 30 September 1991. The disposals will not have a material effect on either the net assat value or earnings per share of Rand Mines.

Circulars containing full details of the disposals and containing a notice of general meeting in the case of Vansa are in the course of preparation and will be posted to the shareholders of Barlow Rand and Vansa in due course.

16 September 1991 To Barlow Rand

Sponsoring brokers

Fergusson Bros., Hall, Stewart & Co Inc (Registration number 72/08905/21) (Member of The Johannesburg

**Davis Borkum Hare** 

Vansa Vanadium

(Registration number 84/11475/06) ("Vansa")

SA Limited

Davis Borkum Hare & Co Inc. (Registration number 72/09126/21) [Member of The Johannesburg

To Rand Mines and Vansa



The Merchant Bankers (Registered bank)

(Registration number 64/08586/06)

Prices for electricity determined for the surposes of the electricity pooling and ecitioment strangements in England and Wales

THE KOREA EUROPE FUND LIMITED International Depositary Receipts issued by

Morgan Guaranty Trust Company of New York PRELIMINARY RESULTS

At a meeting of the Board held today, the Directors of the Kores-Europe Fund Limited decided to recommend the payment of a final dividend of 3.00 cents not per share for the year ended 30 June 1991 on the shares of the Company. The preliminary results are as follows (subject to sudit) :

	()		
	1991 \$5000	1990 \$000	(Note 1)
Investment Income			
Dividends	2,620	1,606	
Leterest	1,146 3,766	2.059	
Deposit interest			
Total revenue	3,823	2,115	
Administrative expenses	1,635	1,619	
Revenue before usuation	2,188	496	
Taxation	788	249	
Revenue available for shareholders	1,400	247	
Amount absorbed by dividend	861	Nil	
Earnings per share	4,88 cents	1,00 cents	
Dividend for the year per share	3,00 cents	NEL	

Nat Asset Value per \$0,10 Share \$ 4,09 Note 1: Revenue per share for 1990 has been resisted as a result of a change accounting policy concenting the recognition of band interest.

During the year m 30 June 1991 ast asset value per share fell by 12 per cent in U.S. dollar terms. This compares with a fall in the Korean Composite Stock Price Index of 14.4 per cent over the same period and a fall in the value of the Korean wan against the dollar of 1.2 per cent. Most of the market weakness came during the first half of 1991 as competition for capital from the real estate and bond markets drained Equidity from the stockmarket. In anticipation of this, Isquidity has been reised substantially by the cent of 1990 and the Company benefited both from this liquidity and from the many smaller compenies in its portfolio which provided some further downside protection during the market fall. To propure for an anticipated impovement in the market later in the year, the Investment Manager subsequently took advantage of the market weakness to buy equities at very reasonable prices. The Company is now fully invested.

Annual Ceneral Meeting: Friday 8 November 1991 at 3 p.m. at Barfield House, St. Julian's Avenue, St. Poter Port, Guernecy. Dividend Warrats (subject to confirmation of the dividends at Annual General Meeting) : despatched 20 Newember 1991.

Payment dated : 21 November 1991 Transfers must be ledged by 2.30 p.m. on 11 October 1991.

Ex dividend date : 16 September 1991. The Annual Report and Accounts will be sent by mail to holders of registered shares at their registered addresses. Copies of the Annual Report will be made available to holders of depositary receipts and to the public at the Company's place of business in England; 33 Outter Lane, London ECZV RAS

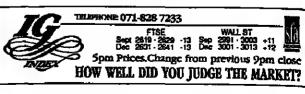
Depositary: Morgan Guaranty Trust Company of New York J.P. Morgan

#### European Smaller Companies Fund 8 Avenue Marie-Thérèse L-2132 Luxembourg

R.C. Luxembourg B 20093 DIVIDEND NOTICE

By resolution of the Secret of Direction hold on August 26, 1991 a divident of ECU 0.05 per above class "A" and per share class "B" is declared psychio on or after September 9, 1991, to registered shareholders on records on August 26, 1991 and to holders of beauty shares upon sentation of compon Nr. 6. The above are and on-divisional as from August 26, 1991 Phylog Agent: CREDIT COMMERCIAL DE PRANCE

the Board of Direct



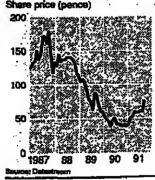
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Gabicci shares jump on 6% rise SHARES OF Gahicci jumped

16p to 76p yesterday after the USM-quoted casual clothing group bucked a depressed sector trend to report a 6 per cent improvement in annual profits. The growth over the 12 months to June 19 - from £1.35m to £1.43m pre-tax - was Gabicci

Share price (pence)



struck after interest charges reduced to £104,000 (£193,000). Sales totalled £24.5m (£25m). Mr Jack Sofier, chairman, said the core Gabicci hrand was expanding in export mar-kets; while he described trad-ing at Shemesh Fabrics, which supplies woven cloths to clothing manufacturers, as "buoy-

However, the troublesome Coconut Club and Gransden operations both experienced a difficult year" as the recession took its toll.

Earnings per share emerged at 8.8p (7.9p). A proposed final dividend of 2.85p hrings the total for the year to 4.25p (4p).

Huntleigh Tech up 36% to £932,000 Huntleigh Technology, the USM-quoted medical equip-

ment manufacturer, reported a marked improvement in profits

for the six months ended June

Ecu Trust net assets move ahead to 51.6p

to profitability.

The Ecn Trust, managed by Gordon House Securities, reported a net asset value of 51.6p per share at June 30 - a rise of 8 per cent on the 47.80 at the launch in July 1990. The latest available figure,

30. Profits at the pre-tax level for August 30, was 55p. advanced 36 per cent from £684,000 to £932,000. Turnover Net revenue for the 11 month period amounted to £506.238 for earnings of 1.69p advanced 19 per cent from per share. A final dividend of Mr Rolf Schild, chairman, said that both sales and rentals lp is recommended, together with a proposed special distri-

organic growth and the intro-**Precious Metals** duction of new products; the German subsidiary had increased its contribution and liquidation

there has been strong growth in the US market. Precious Metals Trust is due to go into voluntary liquidation in December and arrangements are being completed for share-holders to re-invest in units of Difficultles in the sensors and systems division have been resolved. Mr Schild the M&G Gold & General Fund reported that the division is now trading profitably again and there had been a signifiif they so wish. The investment will be at a

discount equivalent to the managers initial charge. Details should go out in Octo-After tax of £335,000 (£252,000), earnings increased ber and the meeting for winding up is called for December 3.
Over the year to July 31 net
asset value had fallen 9 per
cent to 152.3p per share and hy
September 9 had declined furto 7.02p (5.1p) per share, and the interim dividend is raised ther to 138.5p. Since inception in September 1981 the trust's net asset value had increased The recession reaching Scot-land and poor weather in the by 70 per cent, allowing for dividends, while the price of gold

> Over the year net revenue came to £288,000 (£253,000) for earnings of 2.4p (2.11p). The dividend is stepped up from 2p to 3p, payable as an interim.

Lapse into losses at Sharpe & Fisher

Due largely to "a very poor first half" in the huilding supplies company, Sharpe & Fisher, which also has interests in property, tumbled from profits of £853,000 to pre-tax losses of £436,000 in the six months to June 30. Turnover fell from £23.3m to £21m.

The huilding supplies side incorred losses of £252,000 (profits £709,000), while profits of the property side fell less sharply to £679,000 (£1.11m). Central costs and interest of £863,000 (£967,000) were enough to plunge the group into losses.
Losses per share were 1.4p
(earnings 2.7p) and the interim
dividend is held at 1.5p. Mr

Charles Fisher, chairman and chief executive, said that there had been a number of "false dawns" in the housing and construction markets and that this made the company very cautious about predicting any upturn in husiness.

Net assets up 12% at Second Alliance

Net asset value of The Second Alliance Trust amounted to £13.61at July 31, a rise of 12.2 per cent over the year. Directors attributed the rise to good showings in all mar-kets, particularly the US. Net revenue improved to £6.96m (£6.48m) for earnings of

lifts the total to 35p (33p). Olives more than

36.1p (33.61p) per share, A proposed final distribution of 23.5p

making and property develop-ment group, with pre-tax prof-its for the first half of 1991 dropped by 12 per cent, direc-

more than donbled at £534,000, compared with £261,000.

A recovery was announced by Olives Holdings, the paper-

doubles to £534,000

Turnover was more than £1m down at £1.46m (£2.56m)

final dividend will be recom hut the cost of sales tumbled to mended.

U.S. \$400,000,000

Santander Financial Issuances Limited rated in the Cayman Islands with limited liability) Subordinated Undated Variable Rate Notes

with payment of interest subject to the profits of and secured by a subordinated deposit with Banco de Santander, S.A. de Crédito (Incorporated in Spain with limited liability)

Notice is hereby given, that for the Interest Period from September 16th, 1991 to December 16th, 1991 the Notes will carry an Interest Rate of 6.375% per annum. The amount of interest payable on December 16th, 1991 will be U.S. \$4,028,65 per U.S. \$250,000

London, Agent Bank September 17, 1991

CHASE By: The Chase Manhattan Bank, N.A.







#### **COMMODITIES AND AGRICULTURE**

#### **Broker** drafts plan to boost coffee earnings

By David Blackwell

ONE OF the world a leading coffee trade houses has drafted plans that it believes could boost the annual export earnings of coffee exporters by more than half.

Such an increase - equivaent to \$3.5bn — would take the world coffee trade back to the level it enjoyed before the collapse of the International Coffee Organisation's axport quota system in July 1989. E.D. & F. Man, the London

hased trade house, has produced its plan just a week before the ICO annual meeting, which starts oext Monday. So far market attention has been focused on the attempt by Bra-zil and Colombia, the world's two leading producers, to get agreement among producers

cent of exportable production.

Man says the retention plan "appears to have been devel-oped as a short-term solution in the absence of political consensus on the future of the ICO. . . We feel that stocks retention should be seen as a transitional process, leading into and consistent with a new international coffee agreement which would subsequently enter into force."

The collapse in world coffee prices has left producers unable to cover their costs, and "there is growing evidence that farms are being neglected and coffee quality is declining". A new coffee agreement needs to guarantee supplies of quality coffees at remunerative prices through a system that is flexihle, market-driven and pro-vides enough stability to pro-

vide long-term planning.
This could be done by creating single world market; by the use of selective and flexible quotas; and through other measures including promotion and diversification, Man sug-

The slogle market is required to stop the recreation of one of the biggest faults in the old agreement, which led to consumer countries outside the ICO getting coffee at knockdown prices. Consumers outside the ICO should be given incentives to join, says

Quotas for arabica and robusta coffees should be independent of one another and have their own price ranges. Countries producing both types should have two separate quotas. Producers would have to hold verified reserves in order to guarantee supplies.

LITTLE PROGRESS was made repay 7 per cent of the debt in over the coming year, with the might still not be in a position system continuing through the cocca agreement at the Inter-september next year, when the period of a new agreement ber.

According to Man such measures would lift Brazil's export earnings from \$1.46bn in 1990-91 to \$2.4bn in 1992-93, and Colombia's from \$1.42hn to \$2hn. However, producers who feel they are "winning" in the free market may be unwilling to compromise, it admits.

# Big uranium producer sees gloomy price outlook

By Kevin Brown in Sydney

URANIUM PRICES are unlikely to strengthen for the next two years, Energy Resources of Australia, one of the world's largest uranium

producers, said yesterday. ERA, which is 65 per cent owned by North Broken Hill Peko, the Australian resources group, said in its annual report that revenue and profits would fall unless there was a "funda-mental change" in market con-ditions. "The years immedi-ately ahead will be a testing time for ERA, indeed for all uranium producers," the board

Uranium prices have fallen from US\$40 to US\$9 a lb on the spot market over the last decade, and are now below the cost of production at ERA's Ranger mine in the Northern Territory.

Mr Richard Knight, manag-

ing director, said ERA had become a major buyer of ura-nium on the spot market to fulfil US contracts and main-tain global market share. He added, however, that It intended to give priority to securing fadaral government approval for the development of the Jahiluka uranium deposit, a few kilometres from Ranger. Jabiluka was acquired

Rossing Uranium, the Namibian producer in the RTZ group, has announced a 24 per cent cut in production as a result of the weak uranium market, writes hy Philip Gawith in Johan-

Production at Rossing will decrease to a level of 2,500 short tons (2,000 ib each) a year with effect from September 26, from the present level of 3,250 tons a year. This means the mine will be operating at about half-capacity. Some 750

workers will be laid off.

Mr Jonathan Leslie, managing director of Rossing, said that changes in the Soviet Union had brought considerable quantities of Soviet and eastern European uranium on to the world market at prices far below the production costs of most mines, including Rossing. This had scuppered Rossing's hopes of penetrating new markets and securing further sales contracts after Namibian independence, in March 1990, and

the lifting of sanctions.

Mr Leslie said the restructuring programme would lower the unit costs of Rossing's production, bring production closer to actual contracted sales of uranium and make the company more competitive for future sales opportunities. Despite the adversity, Rossing is confident that it has romising long-term prospects. It believes the stockpile overlanging the market will decrease, improving the price.

for A\$125m from Pancontinental earlier this year after Pan-continental failed to persuade the government to relax regu-lations limiting Australian uranium production to three

samed mines. Mr Knight said ERA hoped mar knight sain and adject to bring it into production by 1994-95, when it forecasts a rise in uranium prices following a drawdown from stocks. "We

"No fair observer, weighing

those two decisions against the overall record, could conclude that this government was anti-mining," Mr Griffiths said.

The battle over Coronation Hill showed how bitter prob-

lems of land access could

become when the interests of conservationists, aboriginals, miners and the wider commu-

nity were in conflict, be said. However, Mr Campbell Anderson, chairman of the

Australian Mining Industry Council, repeated warnings by industry leaders that the Coro-nation Hill and Jabiluka decisions could lead to an out-flow of exploration dollars.

We expect a sensible approach to land access for

exploration and development, an approach which protects that which should be protected

are about to launch into a feasibility study, which will take about 18 months, and we will

then present our case to the government," he said. The ruling Labor Party has said the regulations will not be relaxed, but the opposition Liberal Party has said it will allow development of Jabiluka if it wins the federal election, dne

while properly managing

development in areas of lesser worth," he said.

Meanwhile, aboriginal oppo-

sition to plans by Dominion Mining for a A\$350m nickel project at Yackahindle in West-

ern Australia was strength-

ened by the intervention of the Mutitjulu tribe at Ayers Rock,

more than 1,000 km (600 miles)

away in the Northern Terri-

tory.

The federal government has said it will not interfere with the proposed mine, which has approval from the Western

Australian state government. However, tribal leaders said mining would disturb the car-

## Australia 'not anti-mining'

By Kevin Brown

AUSTRALIA'S FEDERAL government yesterday urged mining companies not to act on threats to divert exploration on inreas to divert exporation expenditure overseas following the rejection of proposals for gold and uranium mines in the Northern Territory.

The government recently blocked plans for a gold mine at Coronation Hill after aborigines said that mining would disturb a sleeping spirit. Minis-ters have also refused to relax regulations on uranium mining to allow development of the Jabiluka uranium deposit. However, Mr Alan Griffiths,

the federal governments resources minister, told a min-ing conference here that the industry should not interpret the decisions as evidence of a negative approach to mining

national Cocoa Organisation

talks in London last week.

Even a possible solution to the

problem of the \$152m debt to

the organisation's buffer stock

appeared to run into trouble

David Blackwell.

current agreement, which is purely administrative, runs

out. This proved, however, to

be unacceptable to consuming

COCOA - London FOX

Close Previous High/Low

701 695

700

Not enough delegates had a mandate for discussing a fur-ther proposal that 10 per cent almost immediately, writes of arrears should be repaid Producers had proposed to

countries.

pet snake, a spiritual symbol of the Mntitjulu, which they believe passed through Yacka-bindie during the Dreamtime, the Aboriginal creation myth.

until the debt was cleared. The council will reconvene to consider this proposal on November 13 to 15.

£/tonne

However, Brazil, which is the second higgest producer after the Ivory Coast and owes \$25m of the debt, said after the talks ended on Friday that it

**WORLD COMMODITIES PRICES** 

#### Ireland cracks down on growth hormone

By Tim Coone in Dublin

A MAJOR seizure of "angel dust", and other farm animal growth hormones, has been made by the Irish authorities in what appears to have been their higgest crackdown yet against the trafficking of these banned substances.

According to a Department of Agriculture official in Dub-lin "several van-loads" of a "cocktail" of banned veterinary products were seized in a raid by police and agriculture department officials late last Friday at a business premises in the county town of Kildare. Although no precise figures have yet been given, the haul is thought to have a potential farm-gate value of tens of mil-lions of pounds. One kilogram can cost up to I£40,000 on the hlack market

Supplies into Ireland were previously thought to have come from the US or France, hut Friday's raid followed a tip-off from the Dutch police force, which had raided a pharmacenticals plant, Dopharma macenticals plant, Dopharma, in the Netherlands two weeks ago where they discovered "angel dust" was being illegally manufactured. Dutch police are reported to have claimed that they had dealt a major blow to the "angel dust" hlack market throughout

Europe.

Clenbuterol, the chemical name of "angel dust". has become the miracle drug for farmers in the heef industry who are facing steadily lower prices as the EC seeks to reduce its beef "mountain". A few grams of the snbstance injected or fed to a fattening animal rapidly converts body animal rapidly converts body fat into meat, bringing price premiums to the grower with no extra outlay on food costs, Meat quality, however, is con-siderably reduced, and it is thought that farmers selling meat into EC intervention stocks rather than to the fresh market have been the ones most tempted to utilise the drugs on their livestock, despite facing heavy fines if they are caught. About 230,000 tonnes of Ireland's total beef exports of 365,000 tonnes were sold into intervention last year.

# Little progress made at talks on cocoa agreement

The November meeting will include the preparatory working group which is looking at the future of the cocoa agreement. Most producer countries believe the future of the cocoa agreement lies with export quotas and a buffer stock.

# West German farmers go back to their roots

Large blocks of land farmed in co-operatives under communism offer attractive economies of scale

HILE WORKERS from the former East Germany flood across the old border in search of jobs in the west farmers are heading in droves in the opposite

Some hope to reclaim land and property confiscated by the communists in the late 1940s. Others see the 1.9m hectares (4.75m acres) over which ownership is in dispute, as a

golden opportunity to expand their husinesses.

Furthermore, eastern Ger-many with its large fields and the even larger blocks of land previously run by co-operatives or the state, offers them the chance to cash in oo economies of a scale denied them in the west of the country.

Half a ceotury years ago. much of Germany was com-posed of large estates with many tenant farmers running a few hectares each. This was particularly true in the east. When communist rule was imposed there the farms were amalgamated and most of the barriers between fields and farms were removed. The result was great expanses of land ofteo stretching to several hundred hectares and ideally suited to high horse-power

in the west, meanwhile, there have also been changes in the structure of the farming. In contrast to the east, how-ever, capitalism dictated the demise of the smallest farmers in favour of a greater number of owner-occupiers on medium-sized holdings together with the growth of part-time farm-

tng.
Typical conservative instincts have also meant that traditional small fields, often in strips across the country-side, owned and farmed by different people, still survive. So, eastern Germany holds ohvious attractions for farmers

in the west. But there remains the matter of the people who have worked and lived on the land for the last 50 years. Legal arguments about title to land will inevitably continue for some time and the job of adjudicating over them falls to the Trenhand in Berlin, the government body that is

attempting to sort out the

mass of property issues follow-ing reunification. In the meantime, however, western German farmers are already making their presence felt in the east. Many are acting as advisers to existing co-operatives while others are already in place and farming successfully. Where this has happened, yields of cereals, for instance, are reported to have been significantly higher in the harvest just past than the year



Cattle graze in the shadow of a redundant frontier post

before. The average improvement is estimated at about 8 per cent while increases of 30 per cent over last year have been claimed.

This has generated a sense of excitement among western German farmers with eastern intentions. Over the weekend I visited two such individuals on their western German farms. The family of Mr Jurgen Rimpau, a tenant on 300 hectares in Lower Saxony, was

evicted from a large farm near Magdeburg, in eastern Ger-many. Before the war, his father was one of Germany's major cereal seed-breeders and the property they had to leave

**FARMER'S VIEWPOINT** 



By David Richardson included three castles.

Mr Rimpau, who was a baby in the 1940s, clearly has strong emotional ties to the land, quite spart from his wish to expand his farming, and he is desperate to get at least some of it back. It appears, however, that the best he can hope for and afford is that a consortium of three other previous land-owners from the area and him-self may be able to rent 2,500 hectares on an 18-year lease with an option to huy at any time during the period.

He expects that it will take the Treuhand some time to he expects to be able to farm the land is next autumn. In the meantime, he is visiting the farm twice a week to get to know the soil and the people who work it. In the past, the farm in question employed 490 people. Half of them have already left for jobs in the

west. The rest remain hat when Mr Rimpau and his colleagues take over they expect to employ no more than and the second s

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The social problems that will . be faced by this one community are clearly immense and there are no easy answers. Meanwhile, Mr Rimpan is agonising over whether to move from his comfortable home near Einbeck back to his ancestral home.

Mr Philip von dem Bussche, on the other hand, has no intention of moving east from his 700-hectare family estate near Bad Essen. Even before reunification he became a consultant to a 2,200-hectare estate

near Leipzig.

When the Berlin Wall came down, this led to an invitation. from the managers of the farm for him to become a partner with them in modernising the management. He accepted and is now part of the team but his involvement did not include

investment.

Here, too, there were labour problems. In the past, the estate had employed 120 people, Now it needs only 10 and. Mr von dem Bussche claims the farm looks better and is. producing much more than it. did previously.

The redundant workers, ...

however, have been employed by an international parcel ser-vice which Mr von dem Bussche was able to attract to

the village.
Clearly this is an ideal soluproblem. But, as Mr von dem Bussche explained, it is virtu-

ally unique. Production from eastern German farms, however, seems set to soar over the next few years management methods are widely introduced. That, in tnrn, will exacerbate the already-intractable problem of EC surpluses. But at present, as they head west in search of hig blocks of land, that problem is very low on west German farmers' list of priorities.

#### **MARKET REPORT**

Nickal prices fell below tha \$7.700-a-tonna laval on the LME. closing at 18-month lows. Dealars said the losses reflected marchant sales of cash metal, which established a discount of around premium last week. Tha markat has shrugged off production cuts by inco and Falconbridga, as wall as news that Inco Indonesia is to shut ona of its thraa turnaces for five months from Novembar tor an overhaul. Demand prospects are poor, and tha markat could tall towards \$7,500 if there are no furthar production cuts. Copper ratraated after three-month metal fall below \$2,300 a tonne, sperking

#### **London Markets**

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	\$17.35-7.40z	
Grent Bland (dated)	\$20 45-0.55	+ .125
Brent Blend (Nov)	\$20.40-0.45	+0.20
W.T.i. (1 pm est)	\$21.70-1.75z	+0.15
Off products (NWE prompt delivery per to		+ 01-
Premium Gasoline	\$246-248	+1
Gas Oil	\$194-195	+ 2.5
Heavy Fuel Oil	\$70-72 \$201-204	+1
Naphthe Petroloum Argus Estimates	\$201-204	
Other		+ or -
Gold [per troy oz]	\$345.86	+1.45
Stiver (per troy oz)-	406.5c	+20
Platinum (per troy or)	5350 O	+ 2.75
Palladium (per troy oz)	\$52.25	+ 0.75
Copper (US Producer)	111.0c	
Lead (US Produce)	35.0c	-1.B
Tin (Kusia Lumpur market)	15.16r	+0.08
Tin (New York)	258.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	104.15p	-0.27*
Sheep (dead weight)†	107.650	-2.56*
Piga (Live weight)f	78.60p	+ 6.07*
London dally sugar (raw)	\$234.5	-1.0
London deliv sugar (white)	\$265.5	-0.5
Tate and Lyle export price	5244.0	-0.5
Barley (English feed)	£110.0q	
Maize (LIS No. 3 yellow)	£143.0u	
Wheat (US Dark Northern)	<b>C97.0</b>	
Rubber (Oct)♥	51.50p	-0.50
Bubbar /Novi	52.00p	-0.50
Rubber (KL RSS No 1 Oct)		-1.0
Coconut off (Philippines)§	\$467.5	
Palm Oil [Malaystan)§	\$330.0t	
Copra (Philippines)9	\$302.5	
Sovebeans (US)	£158.0	
Catton "A" index	69.40c	
Wooltops (64s Super)	357p	

liquidation. Liquidation and technical selling hit aluminium prices after chart aupport was breached at \$1,250 a tonna for three-month matai. On the London buillon market, gold advanced on tha back of gains in silvar, which asw some follow-through buying after Friday's cut In the US discount rate. But gold sentiment ramains beariah, with operators axpecting furthan retraats unlass aignificant physical uptaka is seen. In Chicago soyabeans wera holding aharp gaina at midday in raaction to forecasts for possibla frost this weak in the US Midwest, whare beans are still vuinerahia.

three-month metal i		beans are still vulnerable. Compiled from Reuters				War	580	590	581	
London Mai	T.			l – Lond		(S per torme)	ICO In	dicator p	1931) lots rices (US daily 68.3	cents p
SPOT MARKETS			Rew	Close	Previous	High/Low	age 86	.73 (66.32	9	
			Oct	197.00	204.00	203.00 196.00	POTAT	10E3 -	London F	
Crude oil (per barrel FOB)		+ or -	Dec Mar	184.80	191.00 189.80	188.00 183.00 188.00 182.20		Close	Previou	a High
Dubai	\$17.35-7.40z \$20.45-0.55	+.125	May	188.60	196.00	183.00	Apr	119.3	120.2	120.4
Grent Blend (dated) Brent Blend (Nov)	\$20.40-0.45	+0.20	White	Close	Previous	High/Low	Turnov	er 55 (19	2) lots of 2	20 tonne
W.T.I. (1 pm est)	\$21,70-1.75z		Dec	281,5	283.0	282.0 278.0	SOYA	EAL -	London P	ОX
Off products			Mar May	282.0	283.5 281.5	282.5 277.5 881.5 276.5		Close	Previous	s High
(NWE prompt delivery per t	onne CIF)	+ 01-	Aug	279.0	261.0	281.0 277.0	Dec	138.00	138.00	138.0
Premium Gasoline Ges Oli	\$246-248 \$194-195	+ 1 + 2.5	Oct Dec	260.0 258.7	262.0 260.5	258.6 260.0 257.9	Тигпоч	er 25 (10	1) lots of 2	20 tonne
Heavy Fuel Oil	\$70-72	+1				ts of 60 tonnes.	FREIG	KT – Le	ndon FOX	
Naphthe Petroloum Argus Estimates	\$201-204			255 (1821 White (EE)		1: Oct 1837.2		Close	Previous	s High
		<del></del>		water (Fri	Per Mille	, QC 1007 Z	Sep	1680	1578	1585
Other		+ 01 -	CRUDE	OIL - I	PK	\$/barrel	Oct	1697	1685	1697
Gold Iper troy ozi-	\$345.86	+ 1.45		Late	st Previo	us High/Low	Jan Apr	1720 1724	1717 1710	1725 1725
Stiver (per troy oz)	406.5c \$350 0	+20 +275	Nov	20 44	20.35	20.45 20.35	BFI	1546	1552	1548
Platinum (per troy oz) Palladium (per troy oz)	\$62.25	+ 0.75	Dec Jan	20.3 20.19		20.34 20.26 20.16 20.15	Turnov	er 315 (1	55)	
Copper (US Producer)	111 <b>.0</b> c		Feb	20.07		20.09 20.07	GRAIN	5 - Lou	don FOX	
Lead (US Producer)	35.0c	-1.B	Mai Apr	19.00 19.60		18,85 19,90 19,84 19,80	Wheel	Close	Previous	s High
Tin (Kusia Lumpur market)	15.16F 258.5c	+0.08	May	19.70		19.70			1741102	
Tin (New York) Zinc (US Prime Western)	62.0c		Jun	19.60		10.62 19.58	Sep	114.40 116.90	118.90	114.2 116.8
	104.15p	-0.27*	Jul IPE Indo	19.45 ox 20.25		19.45	Jan	120.20	120.25	120.2
Caltie (live weight)† Sheep (dead weight)†	107.650	-2.56*					Mar	123.35	123.40	123.3
Pigs (live weight)!	78.60p	+6.07		9649 (1	5419)		May	126.55		126.5
London daily sugar (raw)	\$234.5	-1.0	GAS OF	L - IPE		\$/tonne	Barley	Close	Previous	9 High
London daily sugar (white)	\$265.5	-0.5		Close	Previous	High/Low	Nov	113.35	113.40	
Tate and Lyle export price Barley (English feed)	£244.0 £110.0g	-0.5	Oct Nov	194,78 197.60	192.50 195.50	195.00 193.25 197.25 195.75			104 (335). 100 tonne	
Maize (US No. 3 yellow)	£143.0u		Dec Jan	197.75 195.25	196.50 194.25	198.00 197.00 196.50 185.00	PIGS -	London	FOX (	Cash Se
Wheat (US Dark Northern)	097.0		Mar	183.50	103.00	184.00 183.50		Close	Previous	s High
Rubber (Oct)♥	51.50p 52.00e	-0.50 -0.50	Turnove	r 6425 (5	965)late of	100 tonnes	Oct	104,5		104.0
Rubber (Nov)♥ Rubber (KL RSS No 1 Oct)		-1.0	TEA				Nov	107.0		105.0
					14 packagi		Jan Feb	108.3 108.5	195.0	106.5 108.0
Coconut off (Philippines)§	\$467.5j \$330.0t					ports the 7ee season's Assams	Mar	111.4	110.5	111.5
Palm Oil [Malaystan]§ Copra (Philippines)§	\$302.5					war rates with	Apr	111.9		112.0
Soyabeans (US)	£158.0		the ex	ception of	f a tow qual	ity teas. The	Mey	1124	111.5	112.5
Cotton "A" index Wooltops (64s Super)	69.40c 357p		withdr	awn. The	rė was atro	uations and were			lots of 3,2	50 kg
£ a tonno unless otherwise	ateled cos				ing and me	dium east 3-5p dearer.	MOTH!	- Londo	A FOX	
a acceptable rational/for 05	3co t-Sao/De	e u-Oct	Plaine	r doscript	ions again	showed an		Close	Prev.	High
- C ILAUS/Sec 7-Nov i-C	Ict/Nov. TMe	et Com-	caster	tendency	. Central A	fricens met	indx	135.96	137.84	
mission average fatstock p s week ago. Vicandon pl	rices. Chan	de trom	Improv	red dema	nd at dears	r rates. The 160p for three	Oct Nov	136.80	136.00	137.80 138.00
Rotterdam. & Bullion mas	ring close. N	-Malay-				potations: quality	Dec	137.10 137.50		138.40
sian cents/kg.			156p n	om, med	lum 100p, k	w medium 78p.	Mar	138.70		139.20

Sep	700	700	707 695			,
Dec	733	742	739 729		Cash	1209-
Mar	770	777	774 785		3 months	1239-
May Jul	790 809	795 015	790 785 014 805		Copper, Gr	ede A
Sep	828	835	831 825		Cash	1320-
Dec	851	859	849 849		3 months	1328
Mar	074	882	877 870		Leed (£ per	r tonne
May Jui	892 610	699 010	891 588 611 908		Cash	306.5
					3 months	318.5
CCO in	r: 3066 (4	1013 0 1000 (SDE	1 10 tonnes	et Delk	Nickel (\$ pe	ar tonn
orice for	Sep 13	944.01 (951	s per tonn .57) 10 day	average	Cash	7815-4 7650-4
or Sep	16 931.25	(924.10)			3 months	7650-
					Tin (S per t	onnei
				-	Cash	5610-2
CUPPE	K - Lone			£/tonne	3 months	5685-6
	Close	Previous	High/Low		Zinc, Speci	
Sep	525	537	528 523		Cash	1032-
Nav	548	562	553 547		3 months	1052-
Jan Mar	568 580	580 580	571 588 581 578		LME Closin	
					SPOT: 1.740	<u> </u>
	r. 1756   18	(11) lots of	5 tonnes ents per po			
Sep 13 :	Comp. c	ially 68.37	(68.52) 15 d	larv árver-		
age 86.7	3 (66.32)	,	,,		LONDON	سرو
POTATO	DE3 - L	ondon FQ3	4	£/honne	(Prices sup	piled
	Close	Previous	High/Low		Gotd (fine o	oz) \$ p
Apr	119.3	120.2	120.5 119.6		Close	345
		lots of 20			Opening	344
Umove	r 30 (192)	10G OT 20	monnes.		Morning fix	344
MAYO	EAL L	ondon PO	X	C/10/17/3	Afternoon f Day's high	lbx 345 348
	Close	Previous	High/Low		Day's low	344
Dec	138.00	138.00	138.00		Loco Ldn 1	
					1 month	
urnove	r 25 (101)	lots of 20	tonnes.		2 months	
FREIGH	T – Lon	don FOX	\$10/km	sex point	3 months	
	Close	Previous	High/Low	<u> </u>	Silver flx	ρЛі
200	1680	1578	1585 1570			234
Sep Oct	1697	1685	1697 1680		Spot 3 months	240
lan	1720	1717	1725 1710		() months	245
Apr .	1724	1710	1725 1715		12 months	257
3FI	1546	1552	1548			
umove	315 (15	a a				
PAINS	- Lond	on FOX		E/torme		
			I National		GOLD COR	W.S.
Phone .	Close	Previous	High/Low		(Prices sup	
Sep	114.40		114.25		aup	_
lov	116.90	116.90	116.90 118			\$
lan Aar	120.20 123.35	120.25 123.40	120.20 120 123.35 123		Krugerrand	
lay .	126.55	120-10	126.55 126		Maple leaf	35 8
		D-Jane			New Sover	orgn ø
larley	Close	Previous	High/Low			
lov	113.35	113.40				
шточе	: Wheat	104 (335), 8	Barley 15 (1	48).		
		00 tonnes.		•	TRADED C	PTIO
MOE -	London	BUA IC-	sh Settleme	unti mila-		
				und bygg	Alaminian	γ89./%
	Close	Previous	High/Low		Coffee	
)at	104,5		104.0 104.0		500	
Act Acy Man	104.5 107.0 108.3	195.0	104.0 104.0 108.0 107.5 106.5		500 550 600	

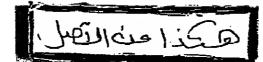
108.0 111.5

High Low Vo

136.80 137.10 137.50 138.70

- (	Close	Previ	ous	High/Lov		M Officia			etal Trading pen Interest
Afuminium, S	9.7% purity	(\$ per 1	(enno				Total dai	ly turnove	er 39,251 loi
Cash 1	209-11	1224-	5	1209		208-9	10.00		
	239-40	1253-	4	1246/123	4 1	238-8	1234-6		7,412 lots
Copper, Gra				4000 0			Total dal	ly tumove	or 43,243 lot
	320-1 328-9	1339-		1328.5/13		328-8.5 334.5-5	1331-2	11	7,357 lots
Leed (£ per t									rer 4,285 lot
	06.5-7.5	313-3.	5	308/304.5		77-7.25	00		
	18.5-9	323.5		323/316,5		18-8.5	317.5-8	13	,701 lots
Nickel (\$ per	tonne)						Total de	ily turnov	er 3,457 lot
	815-25	7855-6		77207770	7	700-1			••••
	650-60	7865-0	<u> </u>	7625/7650	, ,	720-5	7640-5		,024 lots
Tin (S per tor		FF 4F 6	-			200.4	I GTRI CA	ity turnov	er 1,596 lob
	610-20 685-90	5615-7 5680-6		5700/6690		520-1 565-90	5690-5	8.0	110 lots
Zinc, Special									r 13,162 lot
Cesh 1	032-3	1038-4	10	1028.5		128-8.5			
3 months 1	052-3	1055-6		1050/104		¥8-8.5	1049-50	29	,255 lots
LME Closing		3	he: 1 =	110			710¢		
SPOT: 1.7405		3 mont	. I./	- 14	6 11	nonths: 1.	, ing	9 M	onths: 1.695
LONDON BE					N	- V	ork.		
LONDON IN (Prices supp			riid)		-46		UIR		
Gold (fine oz			equiva	lent	GOL	100 tray	oz.; S/troy	02.	
Close	345.40-345		-d-may			Close	Previous	High/Lo	
Opening	344,60-345	.00			Sep	344.0	344.4	345.5	345.5
Morning fix Afternoon fix	344.90		99.226 99.170		Oct	345.2	345.2	346.9	345.2
Atternoon six Day's high	345.40 348.30-346		3 <b>4</b> . 17 <b>4</b>		Nov Dec	346.7 348.3	346.6 345.2	347.0 350.1	347.0 348.2
Day's low	344.50-344				Feb	351.3	351.2	352.9	352.2
Loco Ldn Me	en Geld Le	nding R	7) sets	ha USS)	Apr Jun	354.1 357.1	354.0 3356.9	355.5	355.1
1 month	8.10	0 топ		4.99	Aug	300.2	360.0	0	0
2 months	5.05	12 mo	nth3	4.88	Oct	363.2	363.0	365.0	364.3
3 months	5.03								
Silver fix	p/fine oz		S cts e	quiv					
Spot 3 months	234.60 240.35		06.00 11.25		PI AT	NIZH 40 e	roy oz, \$/tro	N 07	
) months	245.75	4	16.65			Close			
12 months	257.50	4	28.90		_		Previous	High/Lo	
					Oct Jan	349.8 354.2	347.6 352.0	351.5 355.7	349.0 353.5
					Арг	356.1	355.9	359.0	356.0
					Jul Oct	361.9 369.4	359.7	0	0
DOLD COM				_	υa	309.4	367.2	0	a
Prices suppi	ied by Eng								
	\$ price		equiv						
Krugerrand	345.50-34		100.25-		SILVE	R 5,000 b	oy oz cent	VTQY OZ.	
Maple leat New Soverel	354.50-36 on 84.25-85		204.50-2 18.50-49		_	Close	Previous	High/La	
~= ~010101									
					Sep Oct	399 8 400.5	399 û 399.7	405.0 0	405.0 0
					Nov	402.8	401.8	0	ŏ
					Dec	405.0	404.S 408.4	412.0	403.5
					Jan Mar	407.1 411.7	408.4 410.9	0 418.0	0 411.0
TRADIED OF			F	etris	May	416.2	415.4	421.0	418.5
FRADIED OF Aluminium (9		Celis		Jan	Jul	420.4	419.6	0	0
		Jen	Nov	4011	See	49E E		u	0 434.0
Alaminiam (9 Collee 500	9.7%] ( Nov 48	Jen 75	1	7	Sep Dec	425.5 432.5	424.5 431.7	436.6	
Alaminiaen (9 Coffee 500 550	9.7%] ( Nov 49 13	Jen 75 40	1 10	7 22				436.6	
Alaminiam (9 Coffee 500 550	9.7%) Nov 48 13 2	75 40 19	1 10 54	7 22 51				436.6	
Alaminiaen (9 Coffee 500 550	9.7%] ( Nov 49 13	Jen 75 40	1 10	7 22	Dec	432.5	431,7		mts/lbc
Aleminium (9 Coffee 500 550 500 Coene	9.7%] Nov 48 13 2 Dec	Jen 75 40 19 Mar	1 10 54 Dec	7 22 51 Mar 27	Dec	432.5 ORADE C	431.7 OPPER 25.0	00 lbs; ce	
Aleminism (9 Coffee 500 550 500 Cocee	9.7%) (9.	Jen 75 40 19 Mar 97 61	1 10 54 Dec 23 34	7 22 51 Mar 27 36	HIGH	432.5 ORADE C	431.7 OPPER 25.0 Previous	100 libs; ce High/Lov	
Aleminium (9 Coffee 500 550 500 Coene	9.7%] Nov 48 13 2 Dec	Jen 75 40 19 Mar	1 10 54 Dec	7 22 51 Mar 27	HIGH Sep	432.5 ORADE C Close 105.80	OPPER 25.0 Previous 106.60	100 lbs; ce High/Lov 108.00	v 105.30
Aleminism (9 Coffee 500 550 500 Cocee	9.7%) (9.	Jen 75 40 19 Mar 97 61	1 10 54 Dec 23 34	7 22 51 Mar 27 36	HIGH	432.5 ORADE C Close 105.80 104.20	431.7 OPPER 25.0 Previous 108.60 105.35	100 lbs; cs High/Lov 108.00 104.70	105.30 104.10
Aleminism (9 Coffee 500 550 500 Cocee	9.7%) (9.	Jen 75 40 19 Mar 97 61	1 10 54 Dec 23 34	7 22 51 Mar 27 36	Sep Oct Nov Dec	432.5 ORADE C Ciose 105.60 104.20 103.53 103.15	431.7 OPPER 25.0 Previous 106.60 105.35 104.96 104.35	100 lbs; ce High/Lov 108.00	v 105.30
Alaminium (8 Collee 550 550 500 Coone 700 755	9.7%  Nov 48 13 2 Dec 56 42 32	Jan 75 40 19 Mar 97 61 67	1 10 54 Dec 23 34 48	7 22 51 Mar 27 36 47	Sep Oct Nov Dec Jan	432.5 Close 105.90 104.20 103.55 103.15 102.25	431.7 OPPER 25.0 Previous 108.80 105.35 104.95 104.35 103.36	100 lbs; cs High/Lou 108.60 104.70 104.10 103.70	105.30 104.10 103.70 102.85 0
Alaminium (8 Collee 550 550 550 500 Coone 700 755 750	9.7%  Nov	Jen 75 40 19 Mar 97 61	1 10 54 Dec 23 34 48	7 22 51 Mar 27 36 47	Sep Oct Nov Dec	432.5 Cross 105.80 104.20 103.35 103.15 102.25 101.80	431.7 OPPER 25.0 Previous 106.60 105.35 104.96 104.35 103.36 102.75	00 lbs; cs High/Lox 108.00 104.70 104.10 103.70 0	105.30 104.10 103.70 102.85 0 101.80
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Alaminium (8 Collee 550 550 550 500 Coone 700 755 750	9.7%  Nov	Jan 75 40 19 Mar 97 61 67	1 10 54 Dec 23 34 48	7 22 51 Mar 27 36 47	Sep Oct Nov Dec Jan Feb Mar	432.5 Cross 105.60 104.20 103.53 103.15 102.25 101.80 101.10	431.7 Previous 108.80 104.95 104.95 104.35 103.36 102.10	100 lbs; cs High/Lov 108.00 104.70 104.10 103.70 0 101.80 101.50	105.30 104.10 103.70 102.85 0 101.80

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	Latest				- SOYA	BEANS 5.	000 bu min; o	cents/60lb b	leday
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an	21.49	21.41	21,50	21.43	Sep	602/0 609/0	592/0 597/2	606/0 014/4	591/4
eb eb	21.35	21.27 21.12	21.35	21.28	Jan	019/0	608/4	624/6	010/4
Ley	20.87	20.68	20.95	20.87	Mar	629/2	617/6 626/2	634/0	620/4
EAT	THG OIL	42,000 US (	rails, centr	/US gells	Jul	639/4	629/2	643/4	627/0 631/0
	Latest	Previous			- Aug	631/0	625/0	636/4	826/0
a	6205	0168	6210		- SOYA	BEAN OIL	60,000 lbs; (	cents/lb	
ov	6320	62B2	6330	6168 6285	_	Close	Previous	High/Low	
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LT Pr	5835	6420 5807	6450 5835	8420 5825	Oct	20.75	20.45	20.83	20,50
-	••••			-	Dec	21,08	20.70	21.18	20.80
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oc	0A 10 lor	mes;\$/tonne	96		May	21.60	21.63	21.95	21.70
	Close	Previous	s High/Lo	yw	Jul	22.20	21.86	22.22	22.10
ec	1189	1203	1129	1161		22.30	21.95	0	0
lar	1240	1254	1246	1230					•
lay u	1266 1292	1284 1306	1277	1258	SOYA	BEAN ME	AL 100 tone;	\$700	
<b>9</b> P	1316	1330	1292 0	1291 0	_	Close	Previous		
ec.	1346	1360	0	0	Sep	200.8		High/Low	
lar lay	1383	1393 1420	0	0	Oct	198.2	196.4 194.1	202.0 198.5 .	196.5
ui	1443	1443	ŏ	ŏ	Dec	195.7	161,8	197.4	191.6
					Jan Mar	199,6 161 Q	190.0	195.7	190,0
0FF	EE *C* 3	7,500lba; ca	ents/fbs		- May	188.7	188.0 184.7	193.5 161.5	186.5 186.5
-	Çlose	Previous			_ <b>- J</b> ul	186.5	184.0	188.0	.185.0
_	86.50	67.75	88.50		Aug	185.0	183.0	187.0	184.0
90 80	89.56	91.45	92.45	88.00 89.25	MAIZ		min; cente/5	816 bushel	
21	98.00	94.50	96.60	B2.50		Close	Previous	High/Low	
ey Ji	95.10 97.75	97.10 99.95	97.55 98.90	95.10 97.70	Sep Dec	251/6	250/4	253/4	251/4
sp	100.50	103.00	101.00	100.50	Mar	255/4 262/4	254/0 280/8	257/0	255/0
BÇ.	104,50	107.00	0	_ 0	Мау	266/4	205/2	284/2 288/4	261/6
NGV	R WORL	D ~11° 112,	000 lbs; ce	edf\stm		268/4	267/0	270/0	267/4
	Close	Previous	High/La	-	_ emb	254/8	253/6	256/4	2640
et .	8.70	8,91	8.90	8.88	-				
ar	6.55	6.79	6.70	8.45	toruc o	T E 600 L			<u>.</u>
ay d	8.51 8.62	8.76 6.70	6.67 8.48	8.47 8.48	446		mla; centa/	60lb-bushel	
at .	8.50	8.73	8.64	8.50		Close	Previous	High/Law	
					Sep	329/2	323/0	390/0 .	324/6
TTC	DN 50.00	D: cents/lbs			- Mar	333/2 336/4	330/6 333/4	334/6	331/0 335/0
	Close	Previous	High/Lox		- May	330/2	328/0	332/0	329/0
_					_ <del></del> _	313/4	311/8	315/4	313/0
ž K	64.35 65.54	66.42 67.10	64.55 65.70	63,70 54.95	LIVE	ATTLE 40	,000 lbs; con	ts/ibe	
R.F	86.50	67.63	67.05	86.40		Close	Previous	High/Low	
y	67.58	66.70	67.65	67.10	Oct	71.52	71.66	71,60	74.47
! :	68.28 65.90	66.10	68.24 68.70	67.80	Qec	74.50	74.82	74.50	71,17 ° 74,12
_				66.70	- Peb Apr	73.12	72.97	73.10	72.77
		15,000 lbs			- gradi	73,52 71,20	73.40 71.20	73.56	73.20
	Clase	Previous	High/Los		Aug	69.40	69.42	71.2Q 69.87	70,92 69,40
P	110.90	11270	119.80	117.65					
אר ח	115.85 115.75	117.35 117.20	117.10 116.95	115.60 115.60					
R.	118.65	118.00	117.80	110.40	LIVE	10GS 30,0	00 lb; cents/	ba	
ry	117.75	118.75	118.25	117.75		Close	Previous	High/Low	
þ	117.76 117.70	118.76 110.75	118.50 110.50	118.00 118.00	Öet	45.80			<u></u>
V	117.75	118.75	118.50	118.00	Doc	45.10	45.70 44.07	45.90 45.32	45.30
п	117.75	11270	0	0	Feb	44.05	44,10	44.38	44,72 43,95
=:					Apr Julian	42.47 46.62	42.45	42.65	42.36
TO SK					ليرال	45.25	48.65 48.95	46.60 . 47.80	46,60 .
EUT		se: Septem			Aug	48.40	45.35	45.45	45.57 45.30
	Sep 1		तामध्य उठ	O yr ago	PORK	BELLIES .	10,000 ibs; ce	mis/ib	
	1645.9		1644.5	1011.4		Close.	Previous		
OW.	JONES (	Base: Dec.	31 1874 =	100)	Feb	51,07	50.70	High/Low	<u> </u>
	Sep 1	3 Sep 12	meth ag	o yr age	Mar	51.07	50.70 50.57	51.10 51.15	50.37
ot	117.96		117.69	129.07	May Jul	52.12	51,60	52.30	50.25 01.20
MUR	n 123.02	129.12	120.42	132.29	Aug	52.00 49.00	51.45 48.00	52.00	0
							-v-mi	49.00 ·	0
			<b>.</b>						



LONDON STOCK EXCHANGE

# Retail sales figures upset equities By Terry lyland, UK Stock Market Editor By Terry lyland, UK Stock Market Editor Accounted Danking Dates heavily as traders took the view that Hanson is now less ners, the UK jewellery group, but was turned sharply downment in a ment in a

the corporate and economic fronts the economic recovery pated deressed the UK stock market sterday. The FT-SE Index fell by nearly 20 points to withinix points of the 2,600 level wiely regarded as the lower en of the current trad-ing rang London steaded in late traing as Wall Street appeared to brace itself for a fresh re at the Dow 3,000 Equity trading volume was boosted by heavy activity in Racal sicks as the new Vodafone shres began trading for the firstime. The newly-de-merged acal Electronics dominated he market with 168m shares raded; the total was

by double counting as

share locks moved between

Mary Street Ville

nation of reflec

Accou	nt Dealing	Dates				
"First Dealings: Sep 2	Sep 16	Sep 30				
Option Declarat Sep 12	foese: Sep 25	Oct 19				
Last Dealinge: Sep 13	Sep 27	Oct 11				
Account Day: \$80 23	Oct 7	Oct 21				
"New-time dealings may take place from 8.30 am two butiness days certier.						
brokers m	arketmake	are and the				

Inter Dealer Broker network which operates only between marketmaking firms. The day's highlight was the

surprise £351.4m bid from Han-son for Beazer, the UK construction group which is in the process of shifting domicile to the US. The bid was two-edged as far as the market was concerned; Beazer shares returned from early suspension to rise strongly, but ICI stock fell

for the UK's premier chemical company.
With Tokyo on holiday and

Wall Street lower overnight, UK equities opened ebout 12 Footsie points off as traders reacted cautiously to the latest public opinion poll indications of increasing support for Mr John Major's Conservative government. The opinion poll readings revived the possibility of a general election in the UK in November, thus increasing market uncertainty. However, nearly nine points of the early fall in equities were accounted for by downward ex dividend adjustments in several leading components of the FT-SE 100 Share Index.

The market rallied, despite

rating the excitement in the Racal stocks, in Beazer and e placing of stock in Royal, the UK composite insurance com-pany, totalled 641.3m shares. compared with 626.7m on Fri-

wards again by the unexpected

news that UK retail sales had

fallen hy 1.4 per cent in

were quickly followed hy the

disclosure that UK industrial

production had risen by 0.8 per cent in July and that unit

labour costs had gained 8.8 per

cent in the quarter to the same

By the end of the day, the FT-SE Index was 19.8 down at 2,606.0. Seaq volume, incorpo-

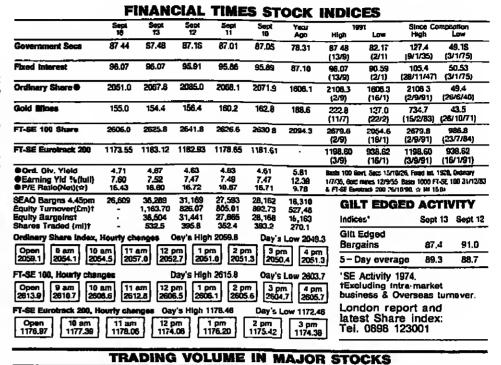
The retail sales statistics

August.

month.

But traders maintained that yesterday's setback was no more than a temporary adjust ment in a market still fundamentally confident. The day's economic data is "still consist ent with the view that the recession in the domestic economy is bottoming out," said Mr John Reynolds at County Nat-West. Monthly retail sales fig-ures are notoriously volatile and often adjusted.

Store and consumer issues lacked buyers but ended the ession with only minor losses. The international blue chips were discouraged by Wall Street's failure to respond favourably on Fridey to the cuts in US federal and bank lending rates. BAT Industries and Glaxo were prominent among US-influenced stocks to suffer setbacks.



#### Reyal block paced

17- 378 20g

 $(A_{i},A_{i}) \subseteq \underline{S}_{i}$ 

a 10 (25)

化铁镍矿

A SESTANTIAL HIOCK of stockin Royal Insurance, the UK omposite insurer, was place last night, too late to be regiered on the day's Seaq repding list, the deal is expected appear this morning on the aq list of overnight deals. Sckhroker Robert Fleming Secrities carried out an agecy cross of 22m shares, apprently on behalf of a large UKnstitution, at 365p a share anolaced them with UK and intrational funds.

e agency cross, with douhi counting of the shares both and sold by Fleming, rejesents a 4.5 per cent stake inhe company. Royal shares, bily affected last week by wat was described as a bear ra, rallied 5 to 375p yesterday oreported turnover of 1.7m. fr Nicholas Dobby at Flemit said the hroker carried out trades after meeting the Burance group. The broker Bieved last week's raid, compted by dividend and this issue stories, was unjusfied. "If Royals did not lannch rights issue when the solincy margin was around 32 er cent, as it was at the comany's year-end, then it is ardly likely to do so when the targin is around 40 per cent," aid Mr Dobby. He reiterated tie broker's positive stance on

#### Racal activity developed in Racal Electronics,

business, with the market full of stories that a stakebuilder had been at work in the mar-ket. Thorn EMI, GEC, and Ingersoll of the US, were put forward as potential bidders for Electronics, and turnover in Racal accounted for around a quarter of market volume. Some 168m Racal shares were traded. They ended the day at 51p, with two leading investment houses, S.G. War-burg Securities and BZW, said to have been heavy huyers. Many dealers expect a sub-stantial stake in Racal to be announced within 24 hours. Mr Brian Newman, electronics specialist at Henderson Crosthwalte, said: "We helieve there is a corporate entity buy-ing via the inter-dealer broker their presence in the market."

At the close Racal Electron-

the Vodafone cellular radio

ics were quoted at 51p, with Vodafone, newly installed in the Footsie, 15 higher at 347p on 13m traded. Thorn EMI fell

#### Beazer bid

Trading in Beazer was suspended before the opening of business but resumed later in the session after an agreed £351.4m bid from Hanson. Beazer shares, quoted at 83p at Friday's close, resumed at 116p xd and closed at 115%p xd, np 34. Beazer was in the process of selling off its CHB UK house-

building division, expected to raise around £450m. Observers said the market would be pleased with the terms of the deal. "It suggests that the hanks were unhappy with developments even after what was expected to have been a highly successful sell-off of CHB, said one.

Hanson's bid for Beazer unsettled ICI shares, which have been supported in recent months by hopes of a hid from 2.7 per cent stakeholder Han-son, ICI dropped 45 at one point before steadying to close a net 37 down at 1267p. Turn-over came to 3m, the busiest day's trade in the stock for a month. Before Hanson announced its stake ICI shares stood at £11.

Hanson firmed % to 214%p as 29m shares changed hands, the heaviest day's trade in the stock this year. Hanson war-rants slipped 4% to 29p, having bottomed at 26% p. Hanson is issuing more warrants as part of the takeover of Beazer. .US buying of Reuters exacer bated a shortage of stock already apparent last week.

The shares bucked the market trend with a gain of 10 to 916p. lower at 512p xd after Strauss Turnbull, the hroking house,

#### told clients that Shell may be on the hrink of a dividend freeze for 1992 and 1993. Strauss believes Shell's payout ratio is too high and that it plans a large capital expendi-ture programme over the next 1250 five years over which gearing

may rise to 25 per cent.

AB Ports rose 22 to 377p xd as a number of brokers became extremely positive following its interim results last week. For example, County NatWest advised its clients to huy aggressively, saying thet the shares should be valued at over 500p, Tibbet & Britten, the transport and distribution services group, added 4 at 500p after interim profits increased to £6.3m from £5.4m.

British Airways eased 3 to 185p following renewed specu-lation in the press about a price war on transatiantic routes

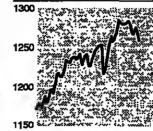
British Steel bucked the trend, gaining 2 to 125%p. Turnover reached 7.9m, with a large part of the day's activity linked to active huying of calls in the options market. Mr Ian Lowe at Smith New Court believes there are signs that the environment and steel markets have potential for change

Torday & Carlisle jumped 26 to 90p after Dowding & Mills, a penny down at 60p, launched a £13.6m hostile hid for the engineering group.
British Aerospace continued

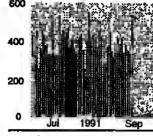
to languish, giving np a further 2 to 414p. However, dealers noted scrappy buying around the 410p mark. Ransomes fell 7 to 49p after reporting a slump in interim profits. Ladbroke and Granada out-

performed the market as S.G. Warburg published a note recommending that investors switch out of UK-oriented hotel groups, such as Forte and Queen's Moat Houses, and into

#### FT-A All-Share Index



**Equity Shares Traded** 



other large leisure stocks. War-burg said the UK hotels sector would he slow to recover. Ladbroke climbed 41/2 to 283p, while Granada held steady at 173p. Forte slipped a penny to 279p and Queen's Moat edged a penny lower to 2790.

There was no stopping the holiday sector. Airtours advanced 14 to 683p while Airbreak rose 21/2 to 38p. Airbreak began trading on the USM on August 22.

Ratners disappointed the market with an interim loss of £17.7m compared with a profit of £9.3m in the same period last year. The shares retreated 7 to 129p as analysts lowered their full-year estimates to around £65m to £75m from 690m to £100m.

Dixons receded 6 to 266p as Mr Stanley Kalms, the chair man, announced that he had sold 1m shares at 269p, Marks and Spencer eased 4½ to 282p after the 1.4 per cent fall in August retail sales.

Brown and Jackson, the retailer, closed 4 down at 8p, having dropped to as low as 6%p at one stage on worries that current trading difficulties may have forced it into a refinancing peckage. It later issued a statement that it knew of no change in its trad-ing position which would explain this movement. Property issues provided a

bright sector in an otherwise lacklustre market, with advances of several pence recorded in the leaders and second line stocks. Analysts said the sector had been among the worst in the market since the start of the

year - at the lowest for more than 20 years relative to the

#### asset values were bottoming out and companies now had little or no capital gains tax liabilities. Sentiment was belped by trebled interim profits from Asda Property, up 3 at 85p. A raised dividend and positive chairman's statement

market, said one. In addition.

prompted footwear manufacturer FII, which announced full-year results yesterday, to gain 4 to 388p.

Incheape was one of the strongest Footsie stocks yesterday. It rose 10 to 402p after posting interim profits of 191.3m, only slightly down on last year. Analysts said the results were better than the range of estimates and the chairman's statement was cautiously optimistic.

Trafalgar House benefited from weekend press speculation that it might be the target of a hid from BTR. While most analysts were dismissive the shares put on 5 to 237p. BTR lost a penny to 426p xd.

MB-Caradon, also mentioned

as a possible target, firmed 5 to Morgan Crucible's share price held at 267p against a falling market after the company produced interim profits in line with expectations and an optimistic statement,

MARKET REPORTERS: Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson. Other merket statistics, includ-

ing the FT-Actueries Share Indi-ces and London Traded Options,

they made an early general STOCK INDEX futures built election more likely, thereby increasing the political risk attached to UK equities. np a strong lead over the equity market yesterday as dealers believed the stock mar-

closed 12 lower at 2,626.

An arbitrage play in Amst-

ket may have fallen too far, writes Jim McCallum. With a large number of FT-SE stocks going ex-divi-dend the market was bound to The September FT-SE maintained a premium of nearly 20 points for much of the session, come under pressure. compared with fair value of around 7 points. September

**EQUITY FUTURES AND OPTIONS TRADING** 

Prices were initially marked lower as the market weighed the implications of the latest opinion polls and decided that

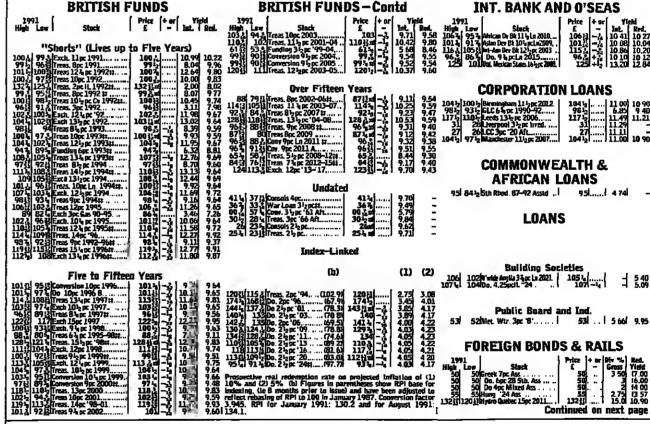
rad lifted turnover on the traded options market. The trade was reported to involve a seller of 1,000 December 60 A surprisingly large fall in August retail sales added to puts and the purchase of 500 December 70 and 50 pnts. Scottish Power calls were

again a feature, with the December 130 and 120 calls particularly active. A hnyer of 775 October 120 British Steel calls boosted the underlying securities. The October 120 pnis were also hnsy.

#### **NEW HIGHS AND LOWS FOR 1991**

NEW HIGHS (117).
RRITISH FUNDS (1) Trees. Spc '92-48,
NT\_SANK & O'SEAS GOVT. STLG. ISSUES
(2) Int-Amer. Dav. 12-2pc 1316, Und. Mexics
States 16-2pc 200, BANKS (2) Bank of
Soct. 9-3pc Prf., Secure True, BREWEIS
(1) Butmer (167), SUR\_DINGS (4) Brt.
Dreddoo. Donelon Tvon. Glesson (M.D. States 164-pc: 2008, BANKS (2) Bank of Scot, 9-lip prf., Secure Truel, BREWERS (1) Buttner (NP), BUSLDINGS (4) Brit. Dredging, Doneston Typon, Gliesson (MJ), Mandera, CHENICALS (2) Calrd, Do. 7p prf., STORES (10) ARONA, Ambor Day, Austin Reed A, Caristra A, Gablict, Harstone, Naud, Ritz, T. 8, Sway, R. M. Harstone, Ambor Day, Austin Reed A, Caristra A, Gablict, Harstone, Naud, Ritz, T. 8, Sway, R. M. Harstone, M. M. Harstone, Naud, Ritz, T. 8, Sway, R. M. Harstone, M. M. Harstone, Naud, R. M. H. Harstone, Naud, R. M. Son & Daw, New England, TERTRLES (S)
Drummond, Foctor (J). Toray, TRAMSPONT
(2) Insertink Express, Tibbeet & Britton,
TRUSTS (20) AFP, Aberforth Smills, Wirmts,
Abbrust Prid, Zero Div. Pri, Archimedes
inc., Contra-Cyclical Zero Div. Pri, EFM
inc. Zero Div. Pri, Filmg, Fledgelling, Firmg,
Ind. High Zoro Div. Pri, Gastmore Amer.
Socs. Zero Pri, General Com. Stppd. Pri,
Cenests Chile Pig. 1 & 8 Optimum inc. Zero
Pri, Law Deb., Moorgate Smills, Wirmls,
Murray Spill Cap. Zero Div. Pri, Nih. Brit.
Canadian, Olim Zero Pri, Spikere Zero Div.
Pri, Tin Tech. Zero. Pri, Templeron Emerg.
Mitts., Oli.S (1) Guiftstream Ros. Canada,
Mew LOWS (S49.
AMERICANS (1) Toxos Instruments, BANKS
(1) Wintrust, BURLDRIGS (1) Costain,
CHENGALS (2) Norsh Costa A. Wastelle,
ENGINEERING (1) Will Inds., INDUSTRIALS,
(4) Brit. Aerospose, No.-Swift, RATT, Willis,
RESURANCE (1) Archer (AA), LESSIRE (1)
Condinat, New Sea Priss (1) Black (AC),
PAPERS (1) JAND, PROPERTY (2) Capital
& Counties 3-5 pc Pri, Hancore Druce,
& Counties 3-5 pc Pri,

#### LONDON SHARE SERVICE BRITISH FUNDS - Contd



## APPOINTMENTS

#### Chief executive at BSI

The BRITISH STANDARDS INSTITUTION (BSI), the national organisation responsible for producing chnical standards which are lised throughout industry and technology, has appointed Mr Michael Sanderson to the newly created post of chief executive, effective from Mr Sanderson has a wide

industrial background, ranging from research and development through marketing and general management to his present position as managing director of AWD Bedford Trucks. He will be leading a major

programme of cultural change at BSI to fit the organisation better to meet the challenges of the next decade. He is a council member and national chairman elect of the Institute of Materials Management.

FOODS' successful offer for the Sheffield based Sutherland Holdings, Mr Chris Ball Yesterday became an executive director of Hazlewood and ail Hazlewood's UK operations. Mr Ball, 48, was managing

Following HAZLEWOOD

Chief executive in charge of director of Unigate's dairy division between 1979-85 and UK managing director of Northern Foods for 1985-87. He took on the role of chief

executive of Sutherland Foods four years ago and, with Mr David Truran, has been instrumental in its successful

reorganisation. Hazlewood chief Mr Peter Barr becomes executive chairman of the enlarged Hazlewood, in succession to

Mr John Lowe, who is retiring. Mr John Simons, group finance director, is assuming mance director, is assuming additional responsibility for corporate planning, while Mr Tom van Gurp, a main board director, has been made chief executive of all Continental operations. Mr Truran, Sutherland

chairman, becomes a non-executive director of Hazlewood, but is to lend his weight particularly in France, where the group is seeking to develop its sales further. Also joining the Hazlewood board as non-executive

directors are: Mr Rodney Lund, a food marketing and retailing expert who has also chaired two companies through privatisation; Mr Roy Thomas finance director of Fisons; and Mr Hein Hooykaas, a Dutch businessman, who until his retirement was president of Sheli Nederland.

■ BARCLAYS BANK named Mr Brian Worsley as deputy group treasurer. He was previously assistant treasurer and succeeds Mr Patrick Perry, who became the bank's group treasurer in July.

■ Mr Bory MacLeod has joined MERCURY ASSET MANAGEMENT's global fixed

department and become a MAM director. He had been head of fixed interest fund management at Baring International Investment.



■ Mr Paul Wright (pictured) has been appointed by STANDARD CHARTERED as chief financial officer. Asia Pacific Region, based in

Mr David Mallett, currently group chief inspector, succee him as group financial controller in London.

 SONY MUSIC ENTERTAINMENT (UK) has promoted Mr Peter Corbett to director, financial services.

At ENTERPRISE OIL Mr Myles Bowen is retiring from his post as exploration director. His successor will be Mr Iain Paterson, general manager for international exploration. Joining the board as

corporate development director

s Mr Julian West, who began his employment with the company as head of husiness development in September 1983. Mr Geoffrey Jennings retires as company secretary and is succeeded by Ms Vivien Geymer, who retains her responsibility for legal affairs.

MANAGEMENT, unit trust managers, has appointed Mr David Oakes as managing director. He remains responsible for the elopment and marketing of the investment management team at Henry Cooke Lumsden, its sister company.

■ Mr Malcolm Hewitt has ioined the board of AIR UK as sales and marketing director. He was previously with Sealink Stena Line.

■ Mr Kanak Bhatt, treasurer of Manchester-based BRITISH VITA, will become finance director from October 1. Mr Bhatt, who joined the

company 25 years ago, takes over from Mr Rod Sellers, who held the position for 17 years and was appointed chief executive in July last year.

Mr John Hirsch has been

deputy chairman of RADIUS,

the IISM computer software

appointed non-executive

and services company. He is currently non-executive chairman of Tinsley Bridge, and e director of a number of companies that include Antocar Equipment, Stanton and Hamworthy Engineering.

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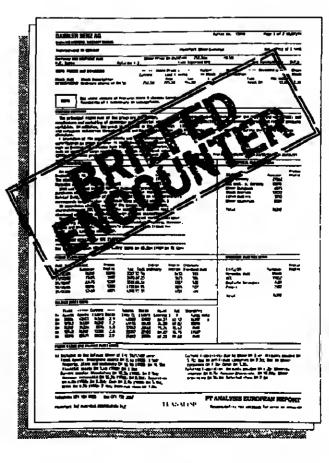
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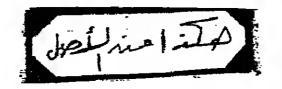
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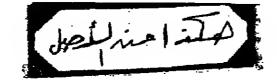


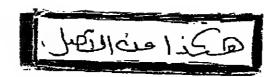


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**FINANCIAL TIMES TUESDAY SEPTEMBER 17 1991** 39 FT MANAGED FUNDS SERVICE ● Current Unit Trust prices are evaluable on FT Cityline, call 0836 430000. Calls charged at 36p/minute ad 48p/minute at all other times. To obtain your free Unit Trust Code Booklet call 071-825-2128 - AN - AN Shimuri Foury Unit Test Highs Ltd (12200H)
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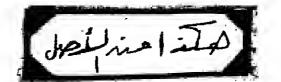
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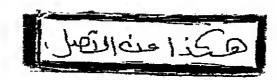
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## FINANCIAL TIMES TUESDAY SEPTEMBER 17 1991 FT MANAGED FUNDS SERVICE halt Case. Bid Offer 4 or Yield Cargo Prize Prize - 6/2 Bid Offer + or Yield Price Price - Cress Bid Bifter + or Yield Price Price - Gress Rayal Trust Jey Fd Mingt Ltd (1400)F 70 Box 428, 5t Heller, Jerry 60m Sec 5 1, 113 54, 29a 50 d1 Haller, 51 TSB Trust Founds (CD) LUXEMBOURG (REGULATED K\*\*) Wardiey Funts insuranges a unusuary Wardiey Funts Limited Massaged Correctly Fd. | \$16.598111 | 1-0 Biblis | The Affinishment of the Computation of the Computat Hill Samuel Lev Services Intl SA (a) Maringars 63/65, 3001 Bone, Switzerland 22-4051 Hill Samuel Savas Partialla Hill Sammel Liv Services Inth Startgage 28/55, 300 Bevia Serize 18th Sammel Series Pertipula Emily Schotter Cov Ling. - 10 01 18th American Emily 5-975 185 Smaller Cov Ling. - 10 01 18th American Emily 5-975 185 Smaller Cov Ling. - 10 01 18th American Emily 5-975 185 Smaller Cov Ling. - 10 004 185 Smaller Cov Ling. - 10 004 185 Smaller Cov Ling. - 10 185 Seriag Peach into the Cov Ling. - 10 185 Seriag Peach in Dr. - 10 004 18 Alley Global Investment Front (D. C.) Alley Global Inves Federated International Funds Pic ISLE OF MAN (SIB RECOGNISED) JERSEY (REGULATEDX\*\*) Emerconator Sep 10 DR444 36 Bon Sep 10 DR444 36 DR944 38 Bon Sep 10 DR444 36 Bon Sep 1 Gertauer F. and Managers Informational Ltd Capital State of the Control of the Co CSF Fellon. SIA14 | CSA Interest Control | SIA14 | CSA Interest Control | SIA15 | SIA56 | CA17 | CAppel-Curre Myers. Junio Fed Sicros (editorine) Fed Sicros (ed SWITZERLAND (SIB RECOGNISED) Livit Caur. end Office or Visid Color Fd. Chaps Price Price Price Color Can High Yield Can Hong Visid Can Hong CMI Fund Managers (LoM) Clerkel Medical Rise Domiss, John 0624 625599 Mgs become 110 403 0 403 0 5172 6005(10.23 OTHER OFFSHORE FUNDS S17 16 --54 466.1 466.1 519 91-2.81 0.9 Priliprimes Long Torm Earthy Fand MAY Toly 31 Abrust Fand Mings (Guernsey) Ltd The Joy Agin Fand Ltd The Joy A ISLE OF MAN (REGULATED)(\*\*) | Contract Periodic | Contract | Outs Departmental Asset Management SA (1) Province Las Lipe | Iobids 31 of sill | Eggirith Santo Investment Mignat (SEAV) Souther Larosan Fa | S4 (2) | 40 14 | Eggirith Santo Investment Mignat (SEAV) Souther Larosan Fa | S4 (2) | 40 14 | Eurosan Management SA | 10 14 | Eurosan Management SA | 10 15 | Eurosan Management SA | 10 15 | Eurosan Pala Seq | 10 16 | Eurosan Pala Seq | Company | Comp The Flamming Flamb. | 373.0 373.3 | -0.1 0.07 | Interling Deposits € 16.25 6.76 | Interling Deposits Fid. | 16.25 6.76 | Interling Deposits Fid. | 16.25 6.76 | Interling Deposits Fid. | 16.25 6.76 | Interline Fi Gartmore Filled Managers (IoM) +0 03 -0 08 -0.18 -0.06 John Govett Management I Jersey Ltd. Makes Lee Court Sut 12. S.10 42 Short Seas Fe RW Sut 13. S10-30 Persons Fd RW Any 31. S10-30 Persons Fd RW Any 31. S10-30 101-40 ..... 5-10.705 is 31th (482)4 00 5-9 4708 is 31th (482)4 00 1-972 is 302 -4.50 12-972 is 302 -4.50 12-972 is 302 -4.50 12-973 is 402 is 302 -4.50 1004-100.705 is 1004 is 302 is si375 -002 5490 I6 | +2.32|

#### CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

#### Rate factors boost D-Mark

INTEREST RATE factors depressed the dollar and led to a firming of the D-Mark against the US currency and

sterling yesterday.

Dealers pointed out that US interest rates are now the lowest among the world's industri-alised countries following Fri-day's cut of ½ point to 5 per cent in the US discount rate and the reduction of % point to 5¼ per cent in the target level for Federal funds.

Yesterday's announcement of a fall of 0.3 per cent in July US business inventories, after a revised 0.6 per cent June drop, was in line with expecta-tions and had little impact.

The dollar fell though support at DM1.6800 and closed in London at DM1.6735 compared with DM1.6840 on Friday. The US currency also declined to Y133.55 from Y133.90; to SFrL4620 from SFrL4760; and to FFr5.7000 from FFr5.7350. On Bank of England figures the dollar's index lost 0.1 to

The D-Mark was firm in gen-eral, remaining the third stron-gest currency in the European exchange rate mechanism, below the Spanish peseta and the Belgian franc. The peseta stayed supported by high inter-est rates in Madrid, after the Bank of Spain left credit poli-cies unchanged at a money market tender last Friday.

€ 11	N NE	W Y	OF	<b>RK</b>			
Sep.16	Lates	ž .		Previous Clase			
£ Spot	1.7390-1. 0.71-0. 1.96-1. 6.60-6.	69pm 93mm	0	90-1.7300 .69-0.67pm .93-1.90pm 53-6 45pm			
Forward prevalues and discounts apply to the US dollar STERLING INDEX  See 16   Persion							
	nLIN'						

4.00 pm	91.0	भंग
CURRENCY	MOVE	MENTS
Sep 16	Bank of England lades,	Margan <sup>a</sup> Community Changes %
Sterilog U.S Dollar U.S Dollar Canadian Bollar Austrian Schilling Belgian Frant Danish Krote D-Mark Swiss Franc Dutch Guilder French Franc Ura Ven	91.0 64.7 106.0 109.3 110.9 108.5 117.6 109.7 113.7 102.4 98.7	-205 -141 +346 +116 -24 +320 +200 +178 +157 -199 4714
Morgan Guara	sty change	es: average

**CURRENCY RATES** 

	ak ‡	Special **	European 1
	rate	Drawing	Currency
	%	Rights	Unit
Canadian S	3.50 3.50 3.50 3.50 3.50 3.50 3.50 3.50	0,783776 1,35667 1,54104 16,1498 47,2426 8,85634 2,29359 2,58581 7,80831 1717,58 182,133 8,98428 183,916 8,34216 2,00923 8,144	0.702005 1.21.482 1.37931 3.4.4199 42.2150 7.91.455 2.04916 2.30986 6.97793 1533.71 162.932 8.03057 1.28.458 7.45960 1.79125 227.694 0.766738

European Commission Calculations

All 500 rates are for Sep 13 OTHER CURRENCIES

Sep 16	Ĺ	\$
Argentista .	17161 6 - 17190,6	
Australia	2 1695 - 2.1715	
Brazil	740,240 - 741,200 7,0940 - 7,1070	
Finland	320 950 - 327 400	
Greece Hong Kopa	13 4260 - 13 4390	
ran	115.00°	68.40
Karea(Sta)	1272.25 - 1292 75	
Kenwalt	0.50000 - 0 50100	0 28885 - 0.28
Levembourg		34.50 - 34.6
Malaysia	4,7770 - 4 7850	
Mexico		3018.00 - 3049
N Zealand Saudi År	2.9535 · 2.9570 6.4405 - 6.5175	1,7005 · 1,70 3,7500 - 3,75
Singapore	2 9435 - 2 9505	16970 - 169
S.Al (Cm).	4 9045 - 4 9160	28190 - 282
S AI (FI)	5.4110 - 5 4960	3.1155 - 3.16
Talwan	46.00 - 46.10	26.55 - 26.6
U.A.E	6.3060 - 6.3825	3.6715 - 3.67

Interest rates also favoured the Belgian franc following a tight-ening of monetary policy hy the Belgian National Bank dur-

ing the last week.

Among other member of the ERM the French franc was the weakest currency, on speculation about a cut in official interest rates despite an unchanged money market intervention rate of 9.00 per cent at yesterday's securities repurchase tender held by the Bank of France.

France's consumer price index rose between 0.2 and 0.3 per cent in August, bringing the year-on-year inflation rate down to 3.0 from 3.4 per cent. Annualised French inflation in August was well below the German rate of 4.1 per cent, but demand for the D-Mark on interest rate differentials means that the franc may suffer if French rates are cut. Recent comments hy Mr Hel-

year, leading to a strengthen-ing of the D-Mark and the opening up of a gap between members of the ERM. Sterling is at present estab-lished in the weak ERM group with the Danish krone and the French franc. This reflects expectations of another cut in UK bank base rates in the near future, leaving the pound with very little interest rate protec-tion against the D-Mark.

president, about strong under-lying price pressures have increased fears of higher Ger-

man interest rates later this

Data on UK retail sales, industrial production and unit wage costs failed to move the

Sterling rose % cent to \$1.7395, but fell to DM2.9100 \$1.7395, but fell to DM2.9100 from DM2.9175; to FFr9.9150 from FFr9.9325; and to SFr2.5425 from SFr2.5575, but rose to Y232.25 from Y232.00. The pound's index declined 0.1 to 91.0.

EMS E	UROPE	an curi	RENCY (	JNST RAT	res
	Ecu Central Rates	Currency Acrososts Against, Ecu Sep 16	% Change from Central Rate	% Spread vs Weakest. Currency	Divergence lodicator
Sprouch Peseus Selgian Franc D-Abart teatlan Ura Detch Colfder rish Pass Renting Dennish Krone Franch Franc	133.631 42.4032 2.05586 1538.24 2.31643 0.767417 0.696904 7.84195 6.89509	128, 458 42, 2150 2, 04715 1533, 71, 2, 30996 0, 746738 0, 746738 0, 74825 6, 97793	-387 -0.44 -0.33 -0.29 -0.73 -0.73 0.93 1.20	5.28 1.65 1.55 1.59 1.49 1.29 0.77 0.00	67 28 19 19 8 -15 -61

-50	HE GEO!	- FORWAR		-	IIL FOU	
Sep 16	Day's spread	Close	One month	24	Three months	% D.L.
reland ermany varingal pale lorway rance	3.2650 · 3.3110 59.95 · 60.60 11.2370 · 11.3505 1.0730 · 1.0940 2.9075 · 2.9375 247.35 · 252.60 182.45 · 183.90 21.76.70 · 2194.95 11.4075 · 11.4980 9.9100 · 9.9960 10.6075 · 10.6840	9.9100 - 9.9200 10.6200 - 10.6300	0.70-0.68cpm 0.35-0.27cpm %-1/cpm %-1/cpm %-1/cpm 0.05pm-psr 1/-1/colls 26-35c9s 1-3/lreils 1-3/ore/ls 1-4/cpm 1-4/cpm	476 136 140 170 170 170 170 170 170 170 170 170 17	1.98-1.95pm 0.91-0.78pm 5-1pm 19-0pat 1-1pm 0.13-0.25pm 200-273db 95-110dis 7-9dis 1-1-4db 11-1-1pm 1-1-2db	4.52 1.71 0.69 0.29 0.77 -3.79 -2.47 -0.63 -0.42 -0.42 -3.34
lapan Instria Instria Instriction	20.46 · 20.68 2.5375 · 2.5705	231.75 - 232.75 20.46 - 20.49 2.5375 - 2.5475 1.4230 - 1.4240	1 <sub>6</sub> -1 <sub>6</sub> ypro 23 <sub>6</sub> -1 1 <sub>6</sub> gropen 1 <sub>7</sub> -1 <sub>6</sub> cpro 0.08-0.02 cpm	3.55 1.03 2.06 0.42	2-13-pm 44-13-pm 13-14-pm 0-13-0.02-pm	0.60 1.97 0.21

Sep 16	Day's spread	Close	Ore prouth	E.	Three months	% p1
Kt	1,7260 - 1,7415	1.7390 - 1.7400	0.70-0.68cm	4.76	1.98-1.95em	4.5
dau)	1.5800 - 1.5975	1.5965 - 1.5975	0.55-0.50com	3.94	1.63-1.53eet	3.9
anada	1.1340 - 1.1360	1.1350 - 1.1360	0.76-0.29095	-291	0.78-0.8366	-2.8
etherlands.	1.8845 - 1.9075	1.8845 - 1.8855	0.57-0.60cds	-3.72	1.77-1.8266	-3.8
elaturi	34 50 - 34 B5	34.50 - 34.60	9.40-11.40cdls	-3.61	30.00-35.00dks	-3.7
enmark	6.4700 - 6.5330	6.4700 - 6.4750	2.15-2.45ore#s	-4.26	6.65-7.25db	-43
- VIEWE	1.6720 - 1.6930	1.6730 - 1.6740	0.50-0.51offfs	-3.62	1.54-1.57dk	-3.7
ortegal	144.00 - 144.R5	144.00 - 144.10	85-95c0s	-7.50	290-310ds	-8.3
, selo	104.95 - 106.15	104.95 - 105.05	58-64c6s	-6.97	175-18348	-6.8
dy		1252.50 - 1253.00	6.10-6.50thedis	-6.03	18.50-19.50ms	-6.0
OFFEET,		6.5650 - 6.5700	2.55-2.85oredis	-4.93	B.00-8.50ds	-50
apte		5.6975 - 5.7025	1.75-1.80cds	3.74	5.42-5.5206	-3.8
reded		6.1050 - 6.1100	2.35-2.60 oreds	4.86	7.15-7.60db	-4.B
g.ba)	133.50 - 134.30	133.50 - 133.60	0.15-0.16vdis	-1.39	0.34-0.36dls	-1.0
		11,8000 - 11,8050	3,55-3,95 grodls	-3.61	11.10-12.30dk	-3.9
Atzerland .	1 4610 - 1 4820	1.4615 - 1.4625	0.30-0.33odls	-239	0.90-0.97dk	+2.5
	1.2100 - 1.2240	1,2230 - 1,2240	0.44-0.42000	4.22	1.30-1.24pm	41

Sep 16	Short	7 Days	(Inc	Three	Six	One
	Lens	portice	Month	Months	Months	Year
Sterling	54 54 87 84 93 93 84 75 94 94 12 10 94 94 64 61	10 2 10 2 10 2 10 2 10 2 10 2 10 2 10 2	10.4 10.3 5.7 5.5 8.4 8.4 9.4 9.4 9.4 9.4 11.4 10.4 11.4 9.4 11.4 9.4	10 4 - 10 4 5 2 - 5 4 8 4 - 8 4 9 4 - 9 5 9 4 - 9 5 9 4 - 9 5 9 6 6 6 6	10 44 - 71 - 40 - 40 - 40 - 40 - 40 - 40 - 40 - 4	101-588975-588975-595-695-695-695-695-695-695-695-695-69

EXCHANGE CROSS RATES											
Sep.16	£	\$	OM	Yes	F Fr.	S Fr.	H FI.	Lira	CS	B Fr.	ECU
£	1	1.740	2,910	232.3	9.915	2.543	3.280	2179.	1.975	60.10	1.424
S	0.575	1	1.672	133.5	5.698	1.461	1.885	1252	1.135	34.54	0.818
DM	0.344	0.598	1	79.83	3.407	0.874	1.127	748.8	0.679	20.65	0.489
YEN	4.305	7.490	12.53	1000.	42.68	10.95	14.12	9380	8.502	258.7	6.130
FFr.	1.009	1,755	2.935	234.3	10.	2.565	3.308	2198	1.992	60.62	1.436
S Fr.	0.393	0.684	1.144	91.35	3.899	1	1.290	856.9	0.777	23.63	0.560
HFL.	0.305	0.530	0.887	70.82	3.023	0.775	1	664.3	0.602	18.32	0.434
Ura	0.459	0.799	1.335	106.6	4.550	1.167	1.505	1000.	0.906	27.58	0.654
CS	0.506	0.881	1.473	117.6	5.020	1.288	1.661	1103	1	30.43	0.721
9 Fr.	1.664	2.895	4.842	386.5	16.50	4.231	5.458	3626	3.286	100.	2.369
£CU	0.702	1.222	2.044	163.1	6.963	1.786	2,303	1530	1.387	42.21	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

#### FINANCIAL FUTURES AND OPTIONS LIFFE LONG GR.T FUTURES OPTIONS ESO,000 64ths of 100%



	LONDON (LIFFE)	
	20-YEAR 9% NOTIONAL EILT * 550,000 32mb of 100%	
	Close High Low   Sep	96- 96-
İ	US TREASURY BORDS 8% * \$100,000 32mb of 180%	
	Close High Low Sep 99-17 99-17 99-17 Det 96-25 98-25 98-20 Estimated volume 601 (3766) Previous day's open int. 0 (3850)	99- 98-
	6% INTERNAL SERMAN COVT. NOOD . DM250,000 100ths of 100%	_

Close High Low 85.45 85.55 85.37 85.62 85.67 85.67 Estimated volume 21019 (48901) Previous day's open lot. 0 (56510)

THREE	MONTH STER TO points of 1	LING *		
Sep Dec Mar Jan Sep Dec Est. Val	Close 89.75 90.16 90.36 90.36 90.26 90.16 (fine. figs. accidants apen le	High 89.82 90.30 90.47 90.44 90.30 90.17	Low 89.74 90.15 90.34 90.36 90.26 90.16 2935 (419)	Prev. 89.80 90.27 90.46 90.44 90.31 90.22
	MONTH EURO lab of 100%	DOLLAR		
Sep Dec Mar	Close 94.50 94.20 94.22	High 94.51, 94.23 94.24	94.48 94.19 94.21	Pres. 94.48 94.21 94.22

	Previous	day's open in	st. shown) 4 st. 0 (4058	465 (7046) 2)	
-	THREE I	CONTH EURO	MARK .		_
25.00	Sep Dec Mar Just Sep Dec Estimate	90.75 90.73 90.98 91.17 91.31 91.38 d roloue 144 day's open in	High 90.77 90.77 91.02 91.20 91.34 91.38 138 (20409	90.75 90.72 90.77 90.97 91.15 91.31 91.38	
	THREE I	MONTH ECU points of 190	1%		_
	Sep	90,23 90,42	利gh 90.25 90.44	90.24 90.41	

Dec Mar Jon Estimate Previous	90,42 90.71 90.80 d volume 770 day's open to	90,46 90,76 90,86 (541) L 0 (5519	90.41 90.71 90.85	90.
THREE I	CONTH EURO paints of 100	5W755 F	RAHC	
Sep Des Mar Jun	Close 91,88 92,10 92,47 92,66	High 91.88 92.16 92.50 92.68	11.86 92.10 92.46 92.66	91. 92. 92.5 92.5

Estimateri volume 3146 03153) Previous day's open int. 0 021906) Close High Low 2623.0 2629.0 2616.0 2668.0 2674.0 2664.0 2704.0

Contracts trades on APT after trading hours

**POUND - DOLLAR** FT FOREIGN EXCHANGE RATES 1-mth 3-mth 6-mth 12-mth 17326 17198 17042 16740 DIN-STEDLING SA per £

Latest High Low Press. 1.7340 1.7360 1.7310 1.7328 1.7134 1.7160 1.7114 1.7134 1.7000 1.7010 1.7000 1.6974

## Calls-serilements Dec Mar 201 233 157 1.94 118 1.50 084 1.27 0.57 0.97 0.32 0.71 0.22 0.5 0.13 0.4 0.09 0.15 0.26 0.42 0.45 0.94 1.30 1.71 Estimated volume total, Calls 7326 Puts 853 Previous day's open int. Calls 53777 Pats 41.393 Estimated volume total Calls 121 Parts 206 Previous dan's open int. Calls edg Parts 990 LIFFE SHORT STEILING OPTIONS 1500,000 paints of 100%

**CHICAGO** 91-09 91-14 97-22 91-30 91-09 95-05 91-21 O.S. TREASURY BILLS CHANG Size points of 100%

1151 9422 9422 955 955 959 959 959 959 959 959 959 PHILADELPHIA SE 5/5 OPTIONS E31,250 Londs per E1)

PARIS								
7 to 10 YEAR	20% NOTION	L FRENCH BO	ND CHATTE	FUTURE	5			
September Decession March Jame Estumated volu	Open 106.86 106.84 106.84 107.24 rue 97,212 Tot	Sett price 106.68 106.78 106.74 107.00 al Open Inneres	0.12 -0.12 -0.12 -0.12 -0.12 120,106	106 107 106 107	04 96	106.64 106.74 106.84 107.24	Yield 8.94 8.93 8.93 8.90	Opes 29, 82, 5, 2,
6 to 10 YEAR	10% ITALIAN	LONG TEXAL C	DHITRACT (	MATERI F	MASS	5		
December March Estimated volu	Open 86,35 me 6,412 Tota	Sett price 86.41 86.40 I Open Interest	Charge -0.05 -0.05 7,123	86.	52 -	86.33	Yleid 12,44 12,44	Open 7,
THREE-MONTH	PIBOR FUTU	RES CHATEF) (	Parks beterfo	uk affere	talei			
September Estimated volu	90.64 me 16,965 Tot	90.66 al Open Interes	+0.03 48,419	90.	ы	9063	9.37	9,
CAC-40 FUTUR	ES (MATUFI S	tuck fedex						
September October November December Estifunted volu	1889.0 1900.0 1914.0 1933.0 me 8,551 Total	1892 0 1906 0 1920 p 1933 5 Open Interest	+3.0 +3.0 +3.0 +3.0 21,038	1901 1914 1919 1933	15 15	1884 0 1900.0 1914 0 1933.0		17.0
ECO 9070 04	(TIF)							
September Decesiber Estimated volu	106.78 106.80 pe 2,241 Tota	106.74 106.74 Open Interest	-0.04 -0.10 6,461	106. 106.		106.78 206.74	8.95 8.94	3,5
OPTERN ON LO	NG-TERM FIRE	MCK BOMD IN	(TIF)					
Strike 184 185 196	Decemb 2.8 2.0 1.2	er Mai 16 11	its rdi	June	Den	ember 0.11 0.25 0.52	Pots March	å

E	AS	E LENDING	R	ATES	
Adam & Company Allied Trust Bank All Bank Heury Ausbacher Bank of Baroda Bank of Baroda Bank of Baroda Bank of Ferland Bank of India Bank of India Bank of Scotland Bank of Scotland Bankans Bank Beschwart Bank Berchwart Bank Berchwart Bank Berchwart Bank Berchwart Bank Chila Bank Referland Ctilank NA Citylicotlants Bank Chylicotlants Bank Chylicotlants Bank	105 105 105 105 105 105 105 105 105 105	Co-operative Bank Coutts & Co Credit Lyourals Cyruss Popular St Cyruss Popular St Dushas Bank PLC Duscan Lawrie Experit Bank plc Experit Bank plc Experit Bank Limited Financial & Gen. Bank Habitan Bank Hamfung & Gen. In Bank Lingsbire Trust Pic Herizable & Gen. In Bank Hill Samuel C. Hoare & Co. Hanglong & Stanghai Looyald Jespil & Sons Lloysis Bank	955 1955 1114 1955 1955 1955 1955 1955 1	MicDonnell Doogka Bok. Michard Banking. Moant Banking. Moant Banking. Mat Westminster Mortigage Bank Provincial Bank PLL Roborgh Bank Ltd Rival Bik of Scottand Smith & Williams Sess. Standard Chartered TSB Unitarit pic United Bic of Kanadi Unity Ties Bank Pic Western Track Westgar, Bank Corp. Whitenary Laidian Vorkshire Bank  Members of British Mi Banklung & Securities I	10 10 11 14 11 10 10 10 10 10 10
				The state of the s	

Meghraj Bank Ltd ...... 10.5

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### MONEY MARKET FUNDS

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Money Market Trust Funds Money Market Net CAR Int Co Alticen Herme Bank alc 30 City Road, ECLY 2AY Trebury Acc. 19 00 other Og Class Cover 19 00 the lact Class Cover 19 50 Min Ira Cha E50,000 120 00 Allied Trust Bank Ltd. Nat West Crown Reserve Account 41 Indisory, London, E12P 2BP E25 800 and above 10 25 7.49 C10 000 to C24 99 10 00 7.50 E2 000 - C5 999 10 023 7.22 2000-149 999. | 9 60 25 000-149 999 | 9 60 25 000-149 999 | 9 60 25 000-149 999 | 9 60 25 000-149 999 | 9 60 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 20 000-149 999 | 9 50 Tyndall & Co Ltd 29-33 Princess Victoria S. Dennad Acc. Brown Shipley & Co Ltd Conders Coort, Lathbury, London ian Bank Pic w Square, Edipheron EH2 ZPP 031 556 8235 10.00 7 501 - Yearly

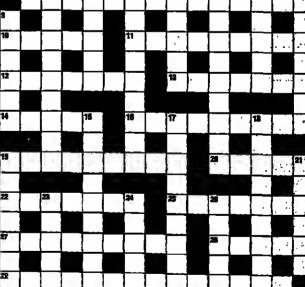
JOTTER PAD

#### **CROSSWORD**

esdale Bank PLC

7,700

No.7,648 Set by DINMUTZ



ACROSS
1 Barmaid need not give change for this machine (3-5,6) 10 Blake's forest burner? (5)

11 Not much coffee is steamed when processed (9) 12 Former spouse followed, say, in passage (7) 13 Old overcoat seen chiefly in

Paris (7)

14 Turkey on a plate unacceptsble – try the fish (5)

16 Being sixteen, perhaps, going to church (9)
19 Lid for baked beens? (3-6)
20 Leather sections sent back

22 Delight in turn not opening (7) 25 Music to suit Maigret...(7) 27 .... with indulgence in

28 Ray's great concentration? 29 Condition recognised by Higgins, vis-a-vis the lady's face (14)

DOWN 2 The late shift? (9) 2 The late saurs? (3)
3 Liquid oxygen carrier in main arterial road (5)
4 No place to be exchanging punches, would you say? (9)
5 Sadness in the junk-yards (8)

(5) a Air T-shirt badly — and risk this condition? (9)

7 This entertainment has

nothing on record or everything (5)

8 The rate of exchange in Whitehall, for example (7)

9 Declare? Where? (6)

15 He's in The Bull, looking for a surrelated (9) a word-book (9)
17 Advocate to bury seed, say (9) 18 He believed himself to be a

winner on the pools (5).
19 Colour bands of woven carpets (7)
21 US writer to attempt moving lines (6)
23 Belly-ache leaves Blimp, perhaps, in charge (5)
24 Steps taken to make bronze blond? (5)

blend? (5) 26 Heights to swing along (5)

Solution to Puzzle No.7,647" -

#### **MONEY MARKETS**

## Slightly firmer tone

THERE WAS a slightly firmer London money market yester-day as sterling continued to day as sterling continued to weaken against the D-Mark and the Bank of England did not supply enough help to take out to take out the full underlying credit shortage. A surprisingly sharp fall in August UK retail sales had no impact. Three-month sterling inter-hank rose to 10%-10% from

10%-10 per cent and 12-month money rose to 10%-10 from 1012-911 per cent.

UK clearing bank base leading rate 10.5 per cent train September 4, 1991

Short sterling futurea weakened on Liffe. December delivery opened slightly firmer at 90.28 bnt closed at 90.16 compared with 90.27 on Friday.
On the cash market the Bank of England initially forecast a day-to-day credit shortage of £650m, but revised this to £750m at noon and to £800m in the afternoon. Total assistance of £639m was

provided Before lunch the authorities bought £146m hank bills in band 1 at 10% per cent. In the afternoon another £198m bills were purchased, by way of \$45m Treasury bills in band 1 at 10% per cent; £40m bank bills in band 1 at 10% per cent;

and £113m bank bills in band 2 at 10%-10H per cent. Late assistance of around £295m

was also provided.
Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £607m, with exchequer transactions absorbing £480m and bank balances below target £130m. These outweighed a fall in the note circulation adding £570m to liquidity.

In Brussels the Belgian National Bank raised ita seven-day advances rate to 9.00 from 8.95 per cent at a fixed rate tender against government paper and commercial hills. This tightening of Belgian monetary policy followed a similar rise in the central hank's overnight intervention rate last Thursday

and a move to guide one-month rates higher on Wednesday. In Paris the Bank of France kapt its money market intervention rate at 9.00 per cent and the five to 10-day repurchase rate at 10 per cent at a securities repurchase tender.

In Amsterdam the Dutch Central Bank left its special advances rate at 9.0 per cent at a seven-day liquidity pact to replace F1 3.6bn draining from the money market as a six-day

seasonal tax payments drained liquidity.

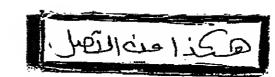
facility expired.
In Frankfurt call money rose to 9.05 from 9.00 per cent as

FT LONDON INTERBANK FIXING CLLOO a.m. Sep.16) 3 months US dollars

MONEY RATES **NEW YORK** Treasury Bills and Bonds 8.95-9.10 91-91 78-84 9.12-9.17 71-73 115-114 91-91 91-91 9.05-9.20 9.3-9.1 77-8.9 9.20-9.25 61-62 114-117 93-93 93-93 9.00-9.15 91<sub>8</sub>-91<sub>4</sub> 920-935 9.25 9.25

LONDON MONEY RATES							
Sep 16	Gvernight	7 days notice	One Month	Three Months	Six Months	900 Year	
erbank Offer erbank Bld erbank Bld erbank Bld erband Bld erling CD: cal Authority Dega. cal Authority Bends secount Mikt Deps erbany Deposits annee Hosse Deposits easury Billis (Buy) ant Alihs (Bay) ant Alihs (Bay) ant Alihs (Bay) R Linked Dep. Offer R Linked Dep. Offer Ul Linked Dep. Bld  United Dep. Bld	12 104 107	10%	10-5 10-5 10-5 10-5 10-6 10-6 10-6 10-6 10-6 10-6 10-6 10-6	10-4 10-10-10-1 10-4 10-4 10-4 9-43 9-43 9-44 9-44 9-44 9-44 9-44 9-	100 100 100 100 100 100 100 100 100 100	1014 10 10 1015 104 104 104 104 778 778 778 918	

Treasury Bills (sell); one-month 10 per cent; three months 9½ per cent; 11x months 9½ per cent; Bank Bills (sell): one-month 10½ per cent; three months 9½ per cent; Treasury Bills; Aserage tender rate of discount 9.5629 p.c. EC30 Fixed Rate Sterling Export. Finance. Matte up day Angest 30, 1991. Agreed rates for period Sept. 25, 1991 to October 25, 1997. Scheme 1: 12.08 p.c., Schemes II & III: 12.17 p.c. Reference rate for period August 1, 1991 to August 30, 1991. Scheme IV-200 p.c. Local Authority and Finance Houses seven days notice, others seven days fixed. Finance Houses Base Rate 11 from September 1, 1991: Bank Deposit Rates for some 1s seven days notice, aper cent. Period 23 Deposit ISeries 50, Deposit Rates for some held backer one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; sine-three sine-three months 9 per cent; sine-thre



#### **WORLD STOCK MARKETS**

austria	FRANCE (continued)	GERMANY (continued)	NETHERLANDS	SWEDEN (continued)
Sententher 16 Selt + er -	Sentember 16 Em -	Contractor 14 Day Ass.	September 16 Fis. + or -	Sestamber 16 Krener, + or -
Asstrian Airlines 2,620. —11. Creitanstait	Reptio Sty Cert Inv 478   -12   Bongrain 2360 -65   Bongrain 2360 -65   Bongrain 615 + 13   CGIP 1,113 -2   CM O Packaging 151,10 -3   Canait 1072 -27	Continental AS 216.80 -1.20 DLW 526 -4 Dalmier-Basz 737 -8.50 Decket (Fr) 146.50 -0.50 Degusz 348.50 -4.70 Deutsche Bahcox 159.20 -1.70 Deutsche Bank 644.50 -5 Didler-Werte 176.50 Douglas Higg 739 +5 Douglas Higg 739 +5	AB 6 Aury Helding 40.30 ACF Hid Den Ress 36.90 -0.10 AEGON 113.50 -0.80	Ericason B Frot 176 -2 Easelte B Frot 152 -3 Cantoro B Free 238 -3 Incentive B Free 198 -2
EVN	CGIP	Deckel (Fr) 146.50 -0.50 Degussa	AEGON	Garntoro B Free 238 -3 Industrive B Free 198 -2 Into Och Dom O Free 265
Leenderbank 1,000 -16 0eMx 1,002 -3	Cap Geraini 5 300r -6.20	Deutsche Babcock , 159.20 -1.70 Deutsche Bank 644.50 -5	AMEV Dep Recs 49.20st -0.40 Bus Lucas Dep Recs 43,40 -0.40	Hobel Free
Perimoner Zewart 1,740 -10 Redex Herakilith 772 -10	LENG 18/20 4: 20	Didler Warks 176.50 Douglas Hidg 739 +5	Berseel W C DeRo 64	Sandviken O Free 372 Skandla Free 189 -4
Rejeloghaus Brue 1,88021 Sego Balmier 3543 Vetscher Magnesh 50612	Ceteless 815 -0 Chargeurs 913 +3 Chis Meditarrace 467 -1 Cogiff 325 -5	Dragorwerk	25M Dep Rec 32.70 +0.60 DAF 21.60 DSM 105.90 -0.80 Dordsche Petr 143si -2.70 Derdsche Petr 143si -2.70 Derdsche Petr 31.90 +0.10 Foktor Dep Ress 31.90 +0.10	Skan Enskilds C 64.50   SKF B Fret 122 +5   Store Koso B 344 -1
Verbund (Br) A 526 Wiegerberger 5,585 -35	Cogiff 325 -5 Coparex 581	Gerreshelater 435 -4 Goldschmidt (Tid) 726	Dordtsche Petr 143st -2.70	SCA B Free 105 +1
	Cr Foec France 1,150 -2,50	Hamburg Elekt 176 +1 Hasag Lloyd 464 +2	Elsevier Dep Recs 90.30 41.60 Foktor Dep Recs 31.90 +0.10 Garmma	Sanotier 0 Free   372   -4     Standia Free   189   -4     Standia Free   189   -4     Standia Free   122   +5     Stora Kope B   344   -1     StA B Free   105   +1     Sta L Handi 0 Free   104   -1     Trellebroy 0 Free   122   -1     Yolvo B Free   368   +1
SELECTION/LUXEMBOURG. September 16 Frs. + or	Chargeuri   913   43   43   43   43   44   44   44	Douglas Nag	Fokter Dep Ress   31.90   +0.10   Get Broc Dep Ress   35.40   -0.50   Get Broc Dep Ress   35.40   -0.90   Helineter   194.50m+0.10   Hollind Beton   275.50   -4.30   House Dep Ress   97.70   +0.50   Hollind Beton   225.50   -4.30   Hollind Beton   52.70   +0.50   Hit Callacod   62.70   +0.50   Intil Miseller   72.20   -1.10   ICLM   30.60   -0.40   HNP   48.70   +0.10   Kole Painted Dorks   43.30   +0.80	
September 16 Fra. + sr ACEC-Union Mir 2,250	Docts de France 343 +3	Heritz	Holling Belon 416.50 -4 Heogenes Dep Ress 59.70 +0.30	
Arted	EBF	Roesch 303.50 +1   Kalzmana Ph 1,290 -5	[HC Calland 62,70 +0.90]	SWITZERLAND
Bank lati's List 10,700 -100 Bank Gen List Pis 12,300	Ecto 394 -0.90 Elf-Aguitaine 398.90 49.40	Horten 192 50 -2  adustriekredit 251 50 +3.50	Int.I Mipeller	September 16 Frs. + pr - Adla Intil IBri 802 -4
Beggert 9,740 -10 CBR Ciment 7,780 +40	Estior int	Kall & Salz 170	Kole Paktood Doiks 43.30 +0.80	Adia Ptg Cts
Coheps AFV 1 4,950 +10	Eurafrance 1.590 -9	Kauftof	Mediková 56 -0.30 Nilverd-Ten Cate 93 +0.50	Alisaisse Pig Cis 72.50
Coleret	Euro Disney 140.20 +0.20   Exer	Klockner Werke 146 Lahmeyer 918 +32	Butr Ver Bed Op Rts 154.50 -0.50 Oce Y Grint 57.00 -0.50	Brown Boveri Pus 250 -15 (\$ Hidgs (Br) 2,050 -30
Electrated 4.465 4.410 +20 Electrates ACT 2,660 -30	From Cet Are 2 460 460	Linde	Philips	Brown Bover 187 4,630 -10 Brown Bover Pu 250 -15 CS Hidge (8r) 2,050 -30 Clbs Gelgy (8r) 3,170 -50 Clbs Gelgy (8r) 3,170 -50 Clbs Gelgy (197) 2,940 -30
Fabrique Nat 95 -6 GBL	From C et Asy 2,460 +66 GTM-Entrepose 401 -1 Gal, lafayette 1,637 +47	Lufthansa 149 -150 Lufthansa niv Pri 128	Robero 99.60 -0.10 Rodamco 53.50 +0.30	Elektrowatt 2,780
ACEP-Union Min 2,250 Artist	Rose Lyomales	Hesicelo Zern	MMP	Brown Boveri Pu
GIO Group AFV 1.174 Gephan	Hackette	Masohelm Vers 770 -11 Mercedes Kid 574 -7	Uniterer Dep Recs 159.50 -0.70 VNU	Holderbk (Br) 4,940 -50 Holestoff (Br) 5,300 -100
Generale Banque 5,310 -20 Gen Banque AFV1 5,300 -20	Immatel	Metallocielischaft 483,50 -2.50 Housta Ruck (Reg) 2,400	VMF Stark	Jelmolf Pro Cts 296 -4
Germant	isumob Phenix 170.40 -0.60   Industrielle 4,565 +3	Philips Kommon 510 +0.50 Porsche	WOLES IN 149 and	Landis & Gyr
Krediethk AFV 3.905 -70 Pan Holding Lex 13.550 -250 Petrofina	interball		HORWAY	Les Hold Ptg 280 -6 Mag Globus Ptg 840 -0
Powerfia AFV 2.350 -10	Lafarge Coppes 373 +5.70 L'Orezi	(Ricinantai) Brills 336 +14   Rheinmetai) Pri 265 +12   Rhein West El 377,70 -2 30	September 16 Kreeer + or	Million (Reg)
Royale Belga	Legrand	Shela West El Pri 317 -2.50 Rosenthal	Aker A Free	Nestix (Reg) 8,180 -90 Oer-Boerble 388 -7
Socies Bergs AFV 2.250 -0 Softwa	Martin-Geris 545 -5		Downest Bi Free	Pargesa Hid 1,180 Pirelii
Solvey	Mouthnex	Springer Axel Rg 569 +4 Sud Chemie 580	Harshed Ryx & Free 244 -4  Kvaerner Free 235  Leif Hoegb 101 -1	Roche (Br)
Tractable AFV 1 7.750 +10	Orsan 118.90 185 +4	Thyses	Leif Hoeph	Metro-Columbres   1,440   -10   Mestle   6,20   -80   Mestle   6,180   -90   Mestle   6,180   -90   Mestle   6,180   -90   Mestle   6,88   -7   Purgea Hild   402   -6   Richermont   15,450m+150   Richer (Br)   7,820   -30   Riche (Br)   7,820   -30   Riche (Br)   7,820   -20   Sandoz Br   2,250   -20   Sandoz Pt   Cts   2,210   -20   Sandoz Reg   2,220   -20   Schladler (Br)   4,700   -20   Schladl
UCB AFV 18,000 -150	Parkes	VEW	Norsk Stog 4 Free 125 -7	Schladler (Br) 4,700 -20 Schladler (Pt Cts) 883 +14
Wagons Lits AFV 6,210	Rosertechnique   945   1,000	Schmidhach Lubeza   577   -6	Saga Pet 4 Free 125	Sika Reg A
DESKRANK	Poliet	Wella Pri	Slaugen () M) 12.50 -0.20 Storii 0	Swiss Bank (Br) 316 -3 Swiss Bank Ptg 283 -2
Sentrechter 14 Kr + m -	Printemps (Ac) 8811 Promodes 2,457 +5 Radiotechs 5013		UniStandard Free _ 96 Unitor	Schindler (Pt Cts)
Rakica Holding Reg 740 B.Tikuben	Redoute		Vard A 84 -2.50	Series Volkstok 1,215 -25 Union Bank Br 3,480 -40 Union Bank Pta 141 +1.50
D/S 1912 A 1890 Danisco 245	SILIC 620 Sager 1,657 -0		SPAIN	Winterthur 3,680 -30
Baitica Holding Rep. 740 Bittuben 327 Linksber 1,890 D/S 1912 A 18,000 D/S 1912 A 18,000 Danisco 985 Den Minget Bank 119 East Asketic 186 — 175,5008	Plasmit   284	ITALY	September 16 Pts. + er - Alba (Corp Fin) 5.440 -100	Zurich ins
FLS-fad B	Sanoti	September 16 Lira + qr -	Aragonesas	
Great Novest A	Settineg	Banca Comm 4,740 -30 Banca Naz Agric 6,900 +20 Banco Larlano 5,800 -40	Banco Billian Viz: 3,210 45 Banco Central 4,210 -10	2.5 1/2/20
FLSdad 8	Sab SA	Bastogi-i R B S 181 -15 Burgo (Cartiere) 9,850 +50	Aragonesis	SQUTH AFRICA September 16 Rand + sr -
Lauritzen (J) B 1,690 NKT A/S	Spie Batignolles 510 430 Spie Batignolles 510 43	CiR	Banco Santander 5,140 -20 Banesto	
TopDanetark	Seez (Fin de) 344.80 -1.20 Talttinger 3,340 -100 Thomson CS F 147.20 +2.20	Cementir	Carberos Metal 4,800 450	AECI
Address of the same of	Total B	Credito Italiano 2,585 Danieli & C 7,550 +80	Ebro Agricolas 2,650 -10	Angle Am Gold 198 -1 Bartow Rand 48.50 +1.25
FOILAND	Unifor Identity Fr 512 +2	Enichem	Electra Viesgo 2.540 Endesa IBri 2.630 -10 Ercros 767 46 Fecsa 742 +3	CRA Gallo
September 16 Min + nr -	Valet	EniChem	Banesto	0s Berrs/Centenary 85.10 -0.40 Decircal Gold 7.50 +0.20 Driefontein 36.50 -0.35
East R	Worms Cle	Fidis	fberdrold 697 -4 Keipe	East Rand Gold 6.50 Etandsrand Gold 20.25
KOP		Gentles	Keipe	Free State Cost Gold 22
Registrate	GERMANY	Gliardiol	Reprol	Cold Flette SA 68 90 -025
	September 16 Des. + sr - AEG	Italgement 22,200 +30	Sarrio	
Stockmann B 122 42	AG ind & Verk 834.80 +4.80 Aacher Mch (Reg) 825 -20	Lloyd Adriatico 12,920 -30 Magneti Marelli 860 -15 Mediobanca 14,860 -100	Telefonica	Kloof Gold
Unites Bk CFme 18.50 -0.50	Alches Meh (Reg) 825 -20 Alflanz AG	Montedison 1,249 -1 Olivetti	Union Fenora 552 +2 Union vei Fenix 6.440 -10	Liberty Life SA 40 -1 Malhold30
PROJECE	Asto Prf	Pirelii & Co	Sevillana Elec 602 3 Tabacalers A 5,400 Telefonica 1,020 Usalon Fenous 552 Usalon Fenous 552 Usalon Fenous 552 Ural IRa 1,540 Ural IRa 1,540 Vallehermoso 2,995 -45	Highreid Steel
September 16 Prs. + ar Accor	Bayer	Risascente (La) 7,210 -220	Validicitioso 2,775 , =43	Rembrandt Grp 26.25 Rembrandt Cotri 19.50
Air Liquids 010	Styler -    SASIB	SWEDEN	Culomates & Deserts 93	
Arjomeri Prioux 2,406 +64 Auxil Entrepr	Belersdorf	Salpest	September 16 Krautr. + or - AGA 8 Free 315 -5	Sage Hide
BIC	SHF Bank	SMI 963 -2 Sata BPO 1283 -3 STET 1.915 -30	Avea B Free 3855	SA Man Amoor 27.75ml
BNP Cert law tender 320 +0.50		SICI INCOMMISSION ACTION -30	C- COC 3511 A 6132A	Tiger Dats
Bancaire Cle 1001 531 41	Colonia Kaza 870 -10 Colonia Kouten Pf 600	Toro Assicur 21,610 -90 Tosi Franco 30,120 -230	Astra A Free 565 -5 Astra B Free 560 -2 Atlas Copco B 278	Tongast Hulett 18.25 Vaal Reefs 1942
Bancaire Cic	Cotonia Kaza 870 -10 Cotonia Konnen Pf 600 Commerzinetti 245a	Banco Lariano   5,000   -40	Astra 8 Free	Tongant Hulett 18.25 18.25 194 -2 Western Deep 104 +2 AUSTRALIA (continued)
JAPAN	September 13 Yen + or -	September 13 Yen + or -	Attas Copco 8 278 Electroles 8 Free 291 -4	AUSTRALIA (continued) September 16 Aust\$ + or -
JAPAN	September 13 Yen + or -	September 13 Yes + or -	Attas Copco 8 278 Electroles 8 Free 291 -4	AUSTRALIA (continued) September 16 Aust\$ + or -
JAPAN	Sapfarmber 13 Yen + sr - Japan Radio	September 13 Yes + or -	Attas Copco 8 278 Electroles 8 Free 291 -4	Western Deep
JAPAN	September 13 Yen + er Japan Redio 2,490 Japan Redio 589 Japan Steel Works 589 Japan Store Batt 750 Japan Store Batt 750 Japan Store Japan Syn Rebier 608 Japan Wood 1,770 Jujo Paper 1530	Sephaniser 13 Yes + or -	Atlas Copco 8	Western Deep
JAPAN	September 13 Yen + er Japan Redio 2,490 Japan Redio 589 Japan Steel Works 589 Japan Store Batt 750 Japan Store Batt 750 Japan Store Japan Syn Rebier 608 Japan Wood 1,770 Jujo Paper 1530	Sephaniser 13 Yes + or -	Atlas Copco 8	Western Deep
JAPAN	September 13 Yen + er Japan Redio 2,490 Japan Redio 589 Japan Steel Works 589 Japan Store Batt 750 Japan Store Batt 750 Japan Store Japan Syn Rebier 608 Japan Wood 1,770 Jujo Paper 1530	Sephaniser 13 Yes + or -	Atlas Copco 8	Western Deep
JAPAN September 13 Yen + 67 - Alinomoto	September 13 Yen + er Japan Redio 2,490 Japan Redio 589 Japan Steel Works 589 Japan Store Batt 750 Japan Store Batt 750 Japan Store Japan Syn Rebier 608 Japan Wood 1,770 Jujo Paper 1530	Sephaniser 13 Yes + or -	Atlas Copco 8	Western Deep
JAPAN  September 13 Yeu + 87 -  Ajmorado	September 13 Yen + er Japan Redio 2,490 Japan Redio 589 Japan Steel Works 589 Japan Store Batt 750 Japan Store Batt 750 Japan Store Japan Syn Rebier 608 Japan Wood 1,770 Jujo Paper 1530	Sephaniser 13 Yes + or -	Atlas Copco 8	Western Deep
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JAPAN  September 13 Yes + 67 -  Altromoto 1.520  Amman Corn 1.70  Andromoto 1.70  Andro	Sapthershet 13   Yen   + ar	Sephaniser 13 Yes + or -	Atlas Copco 8	Western Deep
JAPAN  September 13	Sapthershet 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep
JAPAN  September 13 Yen + 67 -  Altromoto	Sapthershet 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep
JAPAN  September 13 Yen + 67 -  Altromoto	Sapthershet 13   Yen   + ar	September 13 Yes + er - Milgatz Easy	Atlas Copco 8	Western Deep
JAPAN  September 13 Yen + 67 -  Alinomoto	Saptamber 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep
JAPAN  September 13 Yen + 67 -  Alinomoto	Saptamber 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptamber 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptamber 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptamber 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep   104   12   12   12   12   12   12   12   1
JAPAN   September 13   Yes   + 67	Saptamber 13   Yen   + ar	September 13 Yes + er -	Astas Copco 8	Western Deep   104   12   12   12   12   12   12   12   1
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + or	Astas Copco 8	Western Deep   104   12   12   12   12   12   12   12   1
JAPAN   September 13   Yes   + 67	Saptimenter 13	September 13   Yes   + or	Astas Copco 8	Western Deep   104   12   12   12   12   12   12   12   1
JAPAN   September 13   Yes   + 67	Saptimenter 13	September 13   Yes   + or	Astas Copco 8	AUSTRALIA (continued) September 16 Aust\$ + er -   Newcrest Mining
JAPAN   September 13   Yes   + 67	Saptimenter 13	September 13   Yes   + or	Astas Copco 8	AUSTRALIA (continued) September 16 Aust\$ + er -   Newcrest Mining
JAPAN   September 13   Yes   + 67	Saptimenter 13	September 13   Yes   + or	Astas Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptimenter 13	September 13 Yes + er -	Astas Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptamber 13	September 13 Yes + er -	Actias Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptamber 13	September 13 Yes + er - Militata Esig 754 Militata Esig 755 Militata Esig 755 Militata Milita	Actias Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptamber 13	September 13 Yes + er - Miligata Eug 754 Miligata Eug 754 Miligata Eug 754 Miligata Eug 754 Miligata Eug 900 Miligata Hiligata Eug 900 Miligata Hiligata Eug 900 Miligata Hiligata Eug 900 Miligata Milig	Actias Copco 8	Western Deep
JAPAN   September 13   Yes   + 67	Saptamber 13	September 13	Astas Copco 8	Western Deep   104   12
JAPAN   September 13   Yes   + 67	Saptamber 13	September 13	Astas Copco 8	AUSTRALIA (contineed)  September 16
JAPAN   September 13   Yes   + 67	Saptamber 13	September 13	Astas Copco 8	AUSTRALIA (contineed)  September 16
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yea   + se   -	AUSTRALIA (continueda)  September 16 Aust\$ + or -   Newcrest Mining 0.95 News Corp 9.90 -0.15   News Corp 9.90 -0.15   News Corp 9.90 -0.15   News Corp 9.90 -0.15   North BH Peko 2.95 -0.08   Pauccotinuatal 0.74 -0.02   Pauccotinuatal 0.74 -0.02   Pauccotinuatal 0.74 -0.02   Pauccotinuatal 0.74 -0.03   Ploneer Inti 2.99 +0.91   Ploneer Inti 2.90 -0.06   Santos 3.26 -0.06   Song of Gwalla 3.69 -0.02   Song of Gwalla 3.69 -0.02   Song of Gwalla 3.69 -0.02   Thir
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	Astas Copco 8	AUSTRALIA (continued) September 16 Aust\$ + or -   Newcrest Mining
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	Astas Copco 8	AUSTRALIA (continued) September 16
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yes   Free   281   -4	AUSTRALIA (continued)  AUSTRALIA (continued)  September 16 Aust\$ + or -    Newcrest Mining
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yes   Free   281   -4	AUSTRALIA (continued)  AUSTRALIA (continued)  September 16 Aust\$ + or -    Newcrest Mining
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yes   Free   281   -4	AUSTRALIA (continued) September 16 Aust\$ + or - Newcrest Mining 0.95 News Corp 9.90 -0.15 News Corp 9.90 -0.16 News Corp 1.14 -0.01 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 -0.91 Ploneer Intl 2.90 -0.03 OCT Resources 1.14 -0.01 Renison Eool 5.24 -0.06 Renison Eool 5.24 -0.06 Renison Eool 5.24 -0.06 Santos 3.36 -0.06 Santos 9.32 -0.06 Santos 9.32 -0.06 Sons of Gerella 3.56 -0.06 Sons of Gerella 3.56 -0.02 Stockland Tst 2.16 -0.02 Thy Tollard 1.10 +0.01 Telecom Corp RZ 1.00 -0.04 Westered Mining 4.94 -0.04 Westered Trust 2.07 -0.01 Westpac 4.90 -0.01 Restricted Ming 3.91 -0.10 Cheung Kong 20.20 -0.50 Chinas Light 20.20 -0.50 Chinas Motor 29.90 -0.10 Cheung Kong 20.20 -0.50 Chinas Light 20.20 -0.5
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yea	AUSTRALIA (continued) September 16 Aust\$ + or - Newcrest Mining 0.95 News Corp 9.90 -0.15 News Corp 9.90 -0.16 News Corp 1.14 -0.01 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 +0.91 Ploneer Intl 2.99 -0.91 Ploneer Intl 2.90 -0.03 OCT Resources 1.14 -0.01 Renison Eool 5.24 -0.06 Renison Eool 5.24 -0.06 Renison Eool 5.24 -0.06 Santos 3.36 -0.06 Santos 9.32 -0.06 Santos 9.32 -0.06 Sons of Gerella 3.56 -0.06 Sons of Gerella 3.56 -0.02 Stockland Tst 2.16 -0.02 Thy Tollard 1.10 +0.01 Telecom Corp RZ 1.00 -0.04 Westered Mining 4.94 -0.04 Westered Trust 2.07 -0.01 Westpac 4.90 -0.01 Restricted Ming 3.91 -0.10 Cheung Kong 20.20 -0.50 Chinas Light 20.20 -0.50 Chinas Motor 29.90 -0.10 Cheung Kong 20.20 -0.50 Chinas Light 20.20 -0.5
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yes   + sr =	AUSTRALIA (continued) September 16
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yes   + sr =	AUSTRALIA (continued) September 16 Aust\$ + or - Newcrest Mining 0.95 News Corp 9.90 -0.15 News Corp 1.12 North BH Peke 2.55 -0.06 The Pacific Quakop 5.18 -0.04 Pauccotinustal 0.74 -0.02 Pacific Quakop 5.18 -0.04 Pauccotinustal 0.74 -0.02 Pacific Quakop 5.18 -0.04 Pauccotinustal 0.74 -0.02 Policinus 1.72 -0.01 Ploneer Inti 2.99 +0.91 Ploneer Inti 2.99 -0.06 Sentis Hw0 5.32 -0.06 Sentis Hw0 5.32 -0.06 Sentis Hw0 5.32 -0.06 Sentis Hw0 5.32 -0.06 Sons of Gwella 3.56 -0.02 Thirt 1.10 +0.01 Telecom Corp RZ 1.79 +0.02 The Corp Inti 2.16 +0.02 Thirt 1.10 +0.01 Telecom Corp RZ 1.79 +0.02 Thirt 1.10 +0.01 Thirt 1.10 +0.01 Thirt 1.10 +0.01 Telecom Corp RZ 1.79 +0.02 Thirt 1.10 +0.01 Telecom Corp RZ 1.79 +0.02 Thirt 1.10 +0.01 Thirt 1.10 +0.02 Thirt 1.10 +0.01 Thirt 1.10 +0
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + or -     Milgatz Esq.   754       Milcatz Esq.   755       Milcatz Esq.   756       Milgopo Deotto   629       Milgopo Deotto   629       Milgopo Espersz   887       Milgopo Espersz   887       Milgopo Espersz   887       Milgopo Fire   876       Milgopo Fire   876       Milgopo Hodo   2,820       Milgopo Hodo   2,820       Milgopo Milgopo Hodo   776       Milgopo Milgopo Milgopo   776       Milgopo Paket   755       Milgopo Paket   755       Milgopo Paket   755       Milgopo Sanso   640       Milgopo Sanso	September 13   Yes   + sr =	AUSTRALIA (continued) September 16
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yea   + sr -	AUSTRALIA (continued) September 16
JAPAN   September 13   Yes   + 67	September 13	September 13   Yes   + er	September 13   Yea   + sr -	AUSTRALIA (continued) September 16
September 13	September 13	September 13   Yes   + er	September 13   Yea   + sr -	AUSTRALIA (continued) September 16
September 13	September 13	September 13	September 13   Yea	AUSTRALIA (continued) September 16 Aust\$ + or - Newcrest Mining 0.95 News Corp 9.90 -0.15 News Corp 9.90 -0.16 News Corp 1.12 -0.06 Paccord 1.12 -0.02 Paminco 1.42 -0.01 Plooser Inti 2.99 +0.91 Ploorer Inti 2.99 +0.91 Ploorer Inti 2.99 +0.91 Ploorer Inti 2.99 +0.91 Ploorer Inti 2.99 -0.91 Ploorer Inti 2.99 -0.91 Ploorer Inti 2.90 -0.06 Rentson Gold 5.24 -0.06 Rentson Gold 5.24 -0.06 Rentson Gold 5.24 -0.06 Sontit Hww0 5.32 -0.06 So
September 13	September 13	September 13	September 13   Yea	AUSTRALIA (continued) September 16 Aust\$ + er -   Newcrest Mining
September 13   Yes   + 67	September 13	September 13   Yes   + er     Milquaz Esq   754	September 13   Yea	AUSTRALIA (continued) September 16
September 13   Yes   + 67	September 13	September 13   Yes   + er     Milquaz Esq   754	September 13   Yea	AUSTRALIA (continued) September 16
September 13   Yes   + 67	September 13	September 13	September 13	AUSTRALIA (continued) September 16
September 13   Yes   + 67	September 13	September 13	September 13	AUSTRALIA (continued) September 16

				(	CAP	ADA!	1					
lales Block High I	low Close Ching	Sales Stock	High L	77 Close	Chang	Sales	Stock	High	Low Class	Clang	Sales Stock High	Low Close Ch
TORONT	O	13900 Comince 74500 Copulator	145 61	23 23 45 140		1500	Lauson Mar Lobiaw X	89 616 L		-13	78300 Sceptre Rs 265 3500 ScottPaper \$22 <sup>1</sup> 2	278 280 221 221
3:00 pm prices Se	otember 16	600 Concanibe 46700 CrownX A	v 514 7	14 714 60 165	-4	1		J.U.	104	74	5800 Scots Hos \$17 4 10000 Seagram Co \$12412	17 17 4
Quotations in cents unless it		TOTAL COMMAN		w 100	***		Machengle		5% 5%	-10	1 8000 Seers Can \$12	12 12 -
4200 Abhibi Pr \$161 1		5200 Denison A		51 51 4 74		126200	Macm Bl Magna IntA	440		_	3700 ShellCan A \$43-6 21000 Sherritt G \$7-6	74 74 -
	480 460 ⊸5 71, 72, ⊸1,		\$185 16	L 131							11600 SHL Syst 500 1000 SNC Group 518%	490 490 -
1700 Albris En \$14 1 800 Albrigges x \$141, 1	0% 14 AL	40100 Domina Tal 23800 Domina Tal		5 75 4 84		08300	Mark Res	5204 574	204, 204,	-1	2000 Benera Gld 21	21 21
76900 Alcan Al \$22 2 2	24 226	4100 Du Post A	u\$37 1 <sub>7</sub> 36	4 304	-12		MOS Hith 6 Metalli Min	\$191 <sub>2</sub> \$161 <sub>2</sub> 1	16 19 1164 164	-6	37700 Southers \$16 \ 0	16% 16% -
76800 Alcan Al 82212 2 00300 Am Barr \$2415 6100 Alco Clix \$1115 1	24 24 -4	61200 Sabo Sav M	56% B	b 84	44	24000	Minnova Mitel Corp	\$18 L	164 164		54300 Stelco A \$51	84 5%
•		200 Eneco Ltd 1000 Empire	\$84 6 \$124 12	4 84	•	2800	Motson A	100 3291 <sub>2</sub>	96 100 20 1 29 1	+1	129900 Teck B \$193	194 194 4
		20160 Euro Nev		4 164 12 12		48800 6500	Moorx Corp Museocho	\$201 <sub>6</sub>	264 264	-4	1000 Talegiata x \$10 4 200100 Thomson 5141 <sub>2</sub> 177300 for the fit \$17 1 <sub>2</sub>	10 5 10 4 14 5 14 2
								2	4-5 7-5		177300 for the file \$17 \( \frac{1}{2} \)	11 17 1
36600 B4 Montr'l \$374 3	7% 57% +1	900 FPI Lid 24400 Finning	55% 5	4 13 L		144900	Nat Elk Can	511%	11 11%		2000 Torser 8 : 5254 500 TotalPNA: 5164 79600 TransAlta 6125	25 25 - 16¼ 16¼ - 12¼ 12¼ -
57500 St Nova Sc \$19% 1	95 195 45 145	3000 Fet Mara A 6200 Fortis	\$24 6 \$223 22	5 85	-4		None ind A NonendaFor	\$7	AL 7	41.	121100 7ranacan P \$131 <sub>2</sub> 7800 Trimac \$8.	161 161
17800 BCE Day 14	12 12	10800 Four Season 2000 FrancoNey	S1844 16	2 184	-19	1 100500	Nonenda	\$18	73 75	+4	7000 Trimac \$8% 4700 Trizec A \$12	161 185 4 61 65 114 114 -
MEAN Delmand 411.	31g 431g -1g 11 11 -112	AUGU PERSONAN	218 10	4 104	7	5100	North 12 North 12 North Vig Nith Tale North gale	223	244 244	-1	1	
11600 BGR A 57% 55400 Bomb'dler8 323 2 600 Bow Valley 813	71 71 +1	263400 Galactic 700 Gards A x	82 di \$24 23		-€	54400	Nith Tale	115	454 404	+1 %	9100 UnionEnt \$13	17 17 17 17 17 17 17 17 17 17 17 17 17 1
500 Bow Valley 313 500 BP Canada 513	13 23 -4	19700 Glemia Sid x	320 8	B 318	-4	67100	Nove Corp Noveco WSv Nursec Oil	\$17	74 73	+4	600 UnitedCorp \$29 4400 UtsDomind 312%	28 4 29 12 4
30900 Bramates \$51 <sub>2</sub>	13 13 61 <sub>6</sub> 81 <sub>2</sub>	600 Granges 600 GW Lileta x	514 % H	130 4 14 3	-5	57000	Nursec Oli	25 h	11144 11145 d5 3	-10	12000 Viceroy 7s. 500	4290 300
	10 18 d13 18 -5	8200 Sulf Cde R	\$8½ B	17							85400 Woossi E x \$19%	185 195 -
	94 194 74 174 -4		•			100	Ocetot A	<b>85</b> %	48% 6%		1200 Wester Sec = \$2914 4300 WIC B x \$1212	59 59 59 - 12 12 2
000 Brunewick \$7	77 7 3	4400 Herrielt Ax 100 Hender Std s	\$8 \$22 6	5 5 2 22		5200	Ones Corp Oshawa A	\$26	083 <sub>8</sub> 84 <sub>9</sub> 91 <sub>4</sub> 91 <sub>4</sub> 253 <sub>9</sub> 253 <sub>4</sub> 496 4.00	***	1 - No voting rights or restr	iceed voting rig
		3400 Hees Inti	517 L	7 475	41.	23700	PWA Corp Pagurian A	\$514	496 4.98 37 5 26 28	-0.18		
		44600 Hatlinger	\$12 11	117	+1,	2000 7100	Pegaeus	\$26 \$11 kg	26 28 d11 11		MONTRE	EAL
		24100 Heate Gold 44600 Hotlinger 9800 Horse Oil 41500 Horsham 1000 HateRookkii	3104 16	14%	-4	6100	Planeer Mr	Ā			3:00 pm prices Se	eptember 1
20700 CAE Ind x \$7% 7	13 13 13 14 24 13	1000 HudeBeyld&L 57100 HudeonsBey		10 446 14 34 4		52200	PlacerDome Poco Pet Power Corp	57	712 712 184 184	-1		
5700 Cambridge \$25 db 8200 C'bell Rea 41	4 24 -					1 200	POWEY FLD	520	20 20	+4	7400 GombrdierB \$23	24 24 -
71500 Campeau Cp 50 16700 CanimpBk 531 1 31	40 41 45 30 +6	12400 Imago 26300 Imp Oil	\$30 \ 30 \ \$33 \ 537 \ 37 \	202	-4		Provigo x Duebecor A	612 % 618 %	12 k 12 %			
4100 Can Northw 33	58 23 -4	137790 Inco 360700 IntCoroneA	3/4 00	374	-14	(					11900 Cambior 58 11900 Canlesp Bk. \$31% 100 CanMarcool \$14%	315 314
18000 Can Pec 610% d16	14 234 15 164 -4	2100 intprvPipe 500 invest Grp	\$3014 S	0 301 5 584	•		Ranger Oli	55 % 50 %	01 <sub>4</sub> 63 <sub>4</sub> 0534 634		3900 Cancades \$514.5	59 54
000 Can Tire \$2512 20	15 25 b	3200 fvecu A	340 d34		-19	400	Rayrock Reed Sten Reitman B	\$23 2	235 235	-14	2200 DominTat A S1 to	71 <sub>2</sub> 71 <sub>2</sub> -
57100 Can Uti A 61912 10	14 194	34400 Jennock	\$104	6 16		3400	Reitman B Registance	16151 <u>2</u> 516	16 <sup>7</sup> 2 16 <sup>1</sup> 2		15900 MacleanNet 819	95 95 -
0500 Canamax 33 d	15 195 131 -2	400 KerrAddis	61312 16	2 15 2	+40	18000	Repap 3nt Rio Algori	67	7			-•
1100 Cantor \$25.1 500 CnPcForest \$30 20	25 251 44	17800 Lebels	\$26 % 2	5 25%		1100	Rogers A	8114	11 114	-l <sub>8</sub>	112800 NatBk Can \$11 4 3000 Provigo x \$12 4	11 114 +
800 Gara Op \$51e 6	516 616 416 514 514 114 3816 -16 170 170 -20	386400 Lac Mintx 2600 Lefarge	\$6 L \$17 16 <sup>1</sup>	6 64	+1	38800	Rothmans RoyalBkCan	526 ¼	73 4 73 4 25 2 20 4	+10	3000 Provigo x \$12% 400 Quebecor A \$17%	174 174
20700 Celanese \$39 36	381 -4	30200 Laidlaw A	B124 1	2 12		50700	Plyffrustco	\$20 14	B12 B4	•	700 Teleglobe v uSt0l4	164 104
17800 Cineps Odo 400 3	SSC 380 -13	221460 Leidlew B 200 Laurest 59	\$121g 173 \$173 173 \$71 71	2 12							3000 Videotron 3131a	13% 13%
5000 Cntri Fd A 435 d4	135 435 -6	200 Laurent Gp	\$17% 173 \$74 73	74		116600	Stlemon A	515 <b>L</b>	16 15		Total Sales 5,900,000 share	

								IND	ICES		
NEW YORK DOW JONES		Sep 12	Sep 11	Sep	HIGH	1991 LOW	Since ed	ompliation		Sep 18	8
élodostriais			3 2987.0				3055.23	41.22	AUSTRALIA	10	
Home Bonds	96.34				28/99 96.43	19/1) 19/10 19/10	28/8/91)	27/32	All Dedicatries CL/1,1909 All Minkey CL/1,1909	1557.2 655.1	15
Transport	11014	11010	9 1175,4		(12/9)	(16/1)	1532.01	(1/10/81)	AUSTRIA		_
17415POPL			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		(3/6)	(7/1)	(5/9/89) 236.23	12.32 (8/1/32)	Credit Abiles (30/12/84) DELGRIM	46.74	47
Udities .	206.50	207.12	206,81	205.95	220,89	195.17	236.23	10.50 (8/4/32)	BE1.20 (1/1/91)	1112.84	111
				<b>∳</b> Û±			6) Low 2963.		DENMARK Copydages SE CV1/839	366.00	36
STANDARD	AND	POO	R'S						PANELAND BEX General (28/12/90)	920,4	,
Composite #	383.59	387.34	385,09	384.56		311.49	396.64	4.40	FRANCE	720,4	
Industrials	454.66	459,40	456.65	456.19		364.90	(28/8/91) 472.01	(1,16,132) 3.62	CAC General (31/12/62) CAC 40 (31/12/67)	493.38 1878.26	18
Financial	32.10	31.40	31.18	31.71	129/00 32.24	21.96	(29/8/91)	8.64	GERMANY		_
					(14/6)	(9/1)	(9/10/89)	0,/10/740	FAZ Akties (31/12/50) Commerciant (1/12/53)	677.30 1907.1	67
NYSE Composite	210,58	212,42	211,21	211.00		170,97	217.17	4.46	DAX (30/12/87)	1629.75	16
Amex Mid. Value	367.34	366.22	364,68	366.19	(26/8) 373,40	(9/1) 296.72	(28/8/91) 397.03	(25/4/42) 29.31	HONG KONG		
					(18/4)	(14/1)	(10/10/89)	(9/12/72)	Hang Seng Bank (31,17/64)	3953.53	_ 597
MASDAQ Composite	210./1	521.13	514.76	511.28	526.39 129/80	355.75 (14/1)	(29/8/91)	54.87 (31/10/72)	ISEQ Diverall (4/1/88)	1464.64	148
		8	ер в	Aug	30	Aug 23	year ago	(approx.)	HALY Barca Com. Ital, (1972)	541.61	54
Dow Industrial Div. Y	lek	_	3.04	3,0	1	3.01,	3.8	6	JAPAN Mikel (16/5/49)	(c)	231
		Si	p 11	Sec	4	Aug 28	year ago	(approx.)	Tokyo SE (Topic) (4/1/68)	(4)	17
S & P  ndustrial riv.	yleld	_	2.74	2.7	<del></del>	2.63	3,2		2nd Section (4/1/66)	Id	27.
S & P ladi. P/E tack		2	1.01	21.	13	21.71	15.4		REALAYSIA KLSE Composite (4/4/86)	541.34	- 5
NEW YORK	ACTIV	EST	OCKS		TRADI	NG ACT	IVITY		NETHERILANDS CBS 71, Ro.Gev.(End 1983)	260.2	
	Stocks		g Chan		† Value		Millions		CBS AN Shr (End 1983)	197.1	
	reded	prior		_		Sep			MORWAY Osio SE (Ind) (2/1/83)	762 58	7/
	,089,200 260,300		. 81		Henr York 5 Umex		,800 160.53 ,059 15.09		PHELIPPONES		_
Gen Electric 2	749,200	671	- i		MASDAQ	166			Maeitz Comp (2/1/85)	905.70	7
	539,300 280,000	291 371		;	YSE				SINGAPORE SES AH-SINGSON (2/4/75)	384.06	30
	889,800	1027	· u		sses Trade		098 2,07		BOUTH AFRICA		_
	839,000	163	- 74		idses Falls		661. 95 894 59		JSE 6414 (28/9/78) JSE Industrial (28/9/78)	1,108,04	1
	575,300 474,600	7% 72%	+ 1 • 11		Inchanged		573 52	5 591	SOUTH KOREA	7223.04	_
	456,600	301			lear Highs		78 6		Korea Como Ex. (4/1/80)	685_34	86
					lew Lows		16 1	1 14	SPAIN Madrid SE (3D/12/85)	272.07	27
									SWEDEN		
									Affarsdriden Gra. (1/2/37) SWITZERLAND	1051.0	<u> 1</u> 1
CANADA									Suiss Bank Ind. (31/12/56) 5BC General (1/4/87)	754 4 621.6	1
TORONTO	1	Вер	Sep	Sep	Sep _		1991		TAIWAN-		_
		15	12	11	10	HGH		LOW	Weighted Price (20/6/66)	4365,99	454
Metals & Minerals Composite				2966.18 3428.76	2976.40 3448.15	3299.99 (38 3582.07 (7)		2.06 19/3) .95 (15/1)	THAILAND Bangkak SET (30/4/75)	711.47	7
MONTREAL, Portfolio	11	15.45	1823.98	1817.59	1827.86	1903.86 (7)	6) 168	LE9 (9/1)	WORLD M.S. Capital Inst. III/II/00 (5)	508.5*	
Base values of all 1 Paronto Composite 63. † Excluding bo	and Me	tais – Li	000. Ton	onto ind	ces based	1975 and M	ontreal Port	folio 4/1/	Subject to official recutari Base values of all bullers are SSS 26 industrials = 264 3	ember 14: Atlan. 100 except	Tains

	Sep	Sap	Sep	Sep	16	<b>19</b> 1
	16	13	12	11	High	LOW
LISTRALIA II Ochusius (1/1/80) II Minko (1/1/80)	1557.2 655.1	1567.8 659.5	1569,1 662.3	1560.3 662.5	1591.3 (778) 787.2 (2477)	1204.5 (14/1) 561.6 (14/1)
MATRIA redit Abben (30/12/84)	468.74	471.19	468.04	473.63	534.81 (JAJ49	390.84 (25/1)
ETONIW ETONIW	1112.84	1139.26	1116.18	1120.13	1212.15 0.7/4	917 59 07/10
DENMARK Openhages SE CV1/839	366.00	367.59	366.62	367.99	380.84 (2/8)	302.25 dl/11
WLAND Ex General (28/12/90)	720,4	924.6	928.5	932.9	1156,9 (8)4)	899.5 (23/1)
RANCE AC General (31/12/82) AC 40 (31/12/87)	493.38 1878.26	492,71 1876,19	487.48 1861.17	486.94 1842.56	494.95 (12%) 1874.26 (16/9)	394.88 (15/1) 1425.26 (15/1
PERMANY AZ Akties (31/12/58) omberskart (1/12/53) AX (30/12/87)	677.30 1907.1 1629.75	678.10 1909.3 1637.62	674.59 1899,60 1631.32	675.64 1904.60 1628.19	717.43 (17/6) 2035.2 (31/5) 2715.80 (11/6)	570.48 (15/1) 1612.5 (15/1) 1311.82 (16/1
toteg scond. Jung Seng Bank (31,17/64)	3953.53	3974.12	3970.10	3966.93	4079.01 (1.4/8)	2984.01 (16/1
RELAND EQ Overall (4/1/88)	1464.64	1467.80	1457.72	1454.66	1520 45 (15/3)	1114 86 (25/1
FALY lanca Com. Hal, (1972)	541.61	544.24	540.91	542.12	619.38 (3/6)	486.26 (29/1
APAN Bidel (16/5/49) olgo SE (Topic) (4/1/68) od Section (4/1/68)	(c)	23134.43 1786.84 2734.65	22530.20 1748.58 2734.21	22584,79 1748,36 2738,50	27146.91, (18/3) 2028.85 (18/3) 3423.45 (10/5)	21456.76 (194 1625.00 (177) 2473.52 (247)
EALAYBIA LSE Composite (4/4/86)	541.34	544.46	549,41	548.78	635.02 (29/5)	470.41 (16/1
RETHERICANION BS 711, Roadon (End 1983) BS AN Shr (End 1983)	280.2 197.1	279.7 198.4	290.1 198.7	280.3 198.8	284.8 (5/6) 203.1 (5/6)	221.4 (16/1) 162.3 (16/1)
FORWAY FO SE (IMD) (2/1/RS)	762.58	769.57	767,67	763.44	793.53 (26/8)	616.45 (21/1
HILLIPPONES Jacitz Comp (2/1/85)	905.70	718.58	902-02	875.28	1183,40 (29/5)	582.64 (10/1)
INGAPORE ES AU-Support (2/4/75)	384.06	385.99	387,26	386.58	472.43 (26/4)	315.07 (16/1
OUTH APPRICA SE Sald (28/9/78) SE Industrial (28/9/78)	1108.04 4203.04	1119.8 4209.0	1139.0 4218.0	1133.0 4197.0	1469.0 (5/7) 4237.0 (30/9)	971.0 (25/2) 2829.0 (16/1)
OUTH KOREAT DES DOED EX. (4/1/80)	685_34	660.85	683,33	640.71	763.19 (MB)	590.57 (22)6
PAIN lacki SE (30/12/85) WEDEN	272.07	272.32	2771_32	269.91	289.22 (18/3)	213,70 (14/1)
färsdriden Gra. (1/2/37) WITZERLAND	1051.0	1089.5	1094,4	3085.8	1149,8 (11/7)	808.4 (8/2)
riss Bank Ind. (\$1/12/56) BC General (1/4/87)	754 4 621.6	760 <u>1</u> 625.9	759.5 625.2	759.0 624.0	767.2 (298) 638.6 (31/5)	590,4 (JA/I) 467,1 (JA/I)
ATWANT** (eighted Price (30(6)66)	4365,99	4544.47	465.02	4668,49	6305.22 (9/5)	3316,26 (15/1
HAILAND Highsk SET (30/4/75) HORLD	711.47	735.57	722.55	722.59	908.13 (19/4)	582.48 (36/3)
				503.7	529.2 07/9	439,1 (16/1)

### WORLD TELECOMMUNICATIONS

The FT proposes to publish this survey on
October 7 1991.

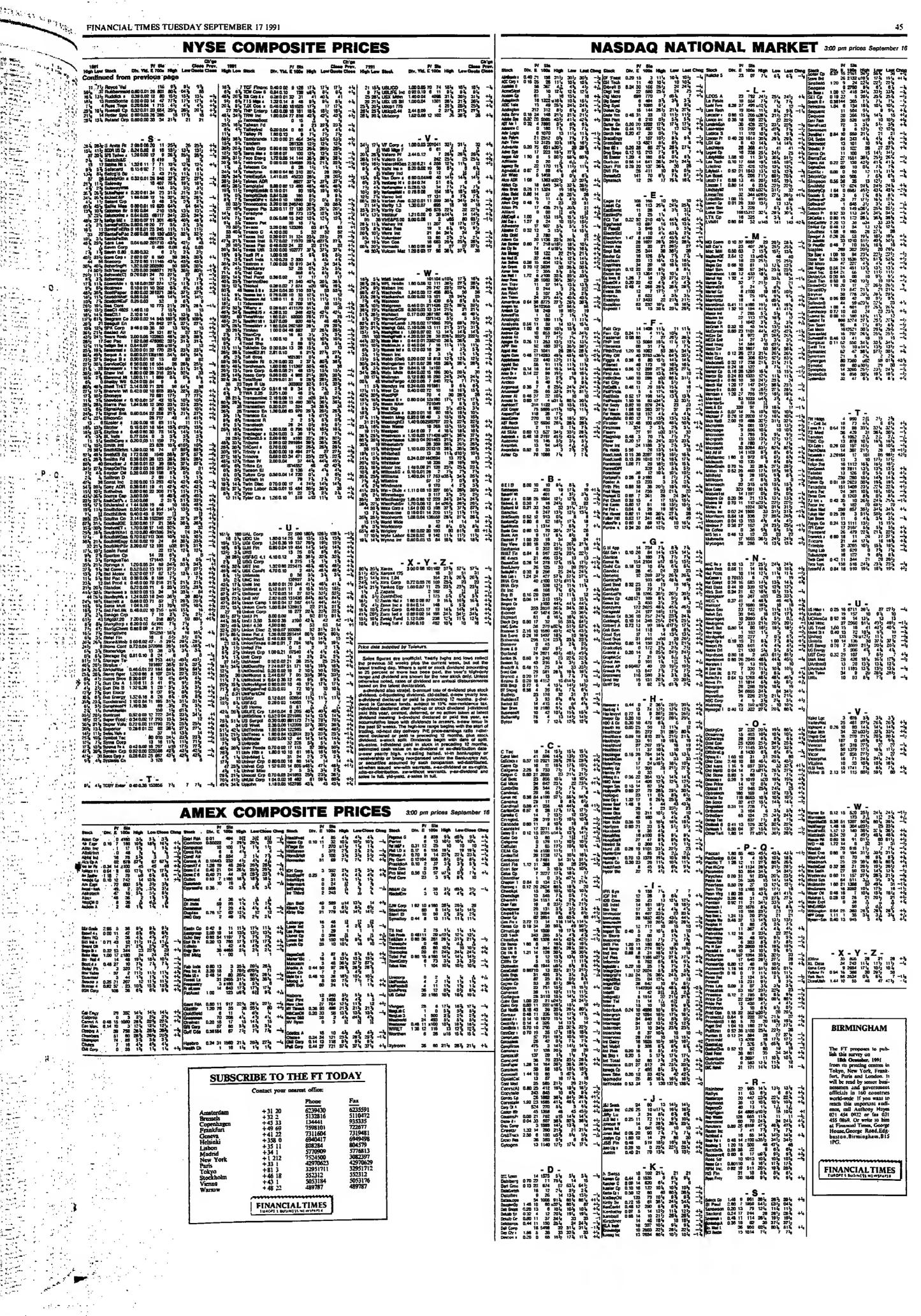
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FT SURVEYS

detinalita





**AMERICA** 

## Dow holds steady after last week's policy easing

#### **Wall Street**

A DULL moroing on Wall Street saw shares trading in a narrowly mixed range as the market held steady in the wake of Friday's easing of monetary policy by the Federal Reserve, writes Karen Zagor in

At 1.30 pm, the Dow lones Industrial Average was 10.96 higher at 2,996.65 on moderate volume. Although the hroadlybased Standard & Poor's 500 was also higher, adding 0.11 to 383.70 at 12.30 pm, declining issues on the big board led those advancing by a ratio of eight to seven. The secondary market did not follow him market did not follow hig board issues higher yesterday morning. At midday the Nas-daq composite was 1.03 lower at 515.68, while the American Exchange composite was off 0.79 at 366.55. On Friday, the Dow lost 22.14 to close at

Now that Wall Street was no longer waiting for a cut in interest rates, corporate news was once more the dominant force behind stock price move-

Beazer led the trading on the New York Stock Exchange yesterday morning, climbing \$2% to \$8 after the UK's Hanson said it would make a cash and warrant offer of £350m for the

news that the company will take a \$100m pre-tax charge third quarter to cover joh cuts and reorganisation at its Frito

Lay operations. Nike jumped \$2% to \$50% after turning in surprisingly strong first quarter earnings. Although the athletic shoe maker expects a weaker second quarter, profits are expected to rehound in the second half. The projections helped shares in other sports shoe makers. L.A. Gear added \$¼ to \$11% and Reehok rose \$1% to \$32.
The self-off in Salomon was

revived vesterday morning, with the stock losing \$% to \$24%. The scandal-ridden hrokerage house is negotiating a new multi-billion dollar loan to replace some of its commercial paper borrowings.

Among actively-traded blue chip issues, IBM rose \$1% to

\$104 and Philip Morris eased TCBY Enterprises dropped \$% to \$7% after slashing its dividend to 5 cents from 10 cents and reporting third quar-ter earnings of 18 cents a share

against 25 cents a year ago. Northrop slipped 8% to \$22% on reports that Congress will probably freeze future orders of the company's B-2 bomber. High-tech stocks led the secondary market yesterday morning. Intel fell \$1 to \$42, Lotus Development lost \$1% to \$30 % and Sun Microsystems Biotech issues were also

actively traded, with Amgen rising \$1% to \$56% and Centocorp firming \$14 to \$53. First National Pennsylvania jumped \$21/2 to \$28 on news that it had entered a merger agreement with PNC Financial wherehy each First National 0.81 of a PNC share.

#### Canada

TORONTO stocks were flat at midday. The composite index was up 0.26 at 3,421.3. Declining issues led advances by 192 to 131 in volume of 8.2m shares valued at C\$82.07m.

Among active shares, Hyal Pharmaceutical eased 10 cents to C\$3. Caoadian Pacific slipped C\$% to C\$18%. Maclean Hunter was flat at C\$10 and Thomson rose C\$% to

IAF Biochem rose C\$\frac{1}{2}\tag{to} c\$\frac{1}{3}\tag{2}\tag{a new 52-week high. In Montreal, where shares in the Quehec-based company are more often traded, Biochem rose C\$1% to C\$32%. The phar-maceutical company said that it was proposing a stock split of its 18m common shares; it also said that its second quarter earnings had deteriorated to a loss of six cents per share from a loss of two cents per

#### **ASIA PACIFIC**

### Manila falls on US expulsion

By Greg Hutchinson in Manila

THE PHILIPPINE stock market fell ahead of the formal vote late last night by the country's senate in favour of ending the almost century long US military presence.
The fall was limited, how-

ever, by reports that President Corazon Aquino would push for a referendum in an attempt to nullify the senate vote. The senate rejected, by 12 votes to 11, a treaty to extend the Americans' stay, following the expiry of a 25-year agreement yesterday. A two-thirds majorty would have heen necessary

Yesterday, the Manila com-posite index fell 12.88 or 1.4 per cent to 905.70 and the Makatl composite shed 11.93 or 1.3 per cent to 915.58. "We didn't see a hig drop, as the market had pretty much discounted a no vote," said Mr George Lichauco of stockhrokers Anscor Hage-

have lost 11 per cent of their value. Much of the selling has **Philippines** been foreign, and the stocks worst hit have been the main hlue chips.

Manila has dropped 23.5 per cent from (ts 1991 high of

1,183.40 reached at the end of May, just before the eruption in June of Mount Pinatuho. Brokers said that, if the US were to pull out swiftly, the market could lose a further 15 to 20 per cent in the part 15 to 20 per cent in the next three months

There were signs yesterday that the US could delay its decision to leave its former col-ony. Mr Stanley Schrager, spokesman for the US embassy in Manila, said Washington supported Mrs Aquino's efforts to have the Issue put to a national referendum. Lawyers, however, warned that such a referendum might be prohib-

## Region quiet in Tokyo's absence

September 1991

dorn. Combined turnover on the twin exchanges eased to 110m pesos from Friday's 145m.

Since it became clear two

weeks ago that the senate was likely to reject the treaty, the Manila and Makati exchanges

the All Resources index shed

Rights issue news weighed on some stocks. Pacific Dunlop

cals company, weakened 14 cents initially after announc-ing a one-for-five rights issue

Friday's HK\$1.05hn.

\*\* Inde\*\* Inde\*\* Inde\*\* Inde\*\* (\*\* Inde\*\* Inde\*\* Inde\*\* Inde\*\* Inde\*\* (\*\* Inde\*\* Inde\*

TAIWAN picked up on bar-gain hunting, hut turnover fell to its lowest level for eight months. The weighted index gained 31.73 to 4.565.99 in trading worth T\$9.5hn, down from Saturday's T\$9.9hn and the worst figure since T\$9.2bn on

KUALA LUMPUR extended

SEDUL fell on profit-taking. The composite index, up 7.36 on Saturday, shed 3.37 to 685.34 in turnover of Won187bn.

BDMBAY reached another all-time high. The BSE index leapt 50.61 or 2.7 per cent to 1,912.35. Rumours that the rupee might he devalued boosted export-related stocks.

JAKARTA lost ground on growing concern about the

## Japan keeps the world on an even keel

MARKETS IN PERSPECTIVE							
	% change in local currency ?				oterting '	", change in US \$ *	
_	1 Week	4 Works	1 Year	Start of 1991	Start of 1991	Start ol 7991	
Austria	-2.31	+ 2.18	- 10.71	÷ 5.31	-3.96	-6.70	
Belaium	-1.49	-248	~0.22	-11.24	+10.41	~ 0.92	
Denmark	-0.74	- 2.86	+7.84	÷24.57	+ 23.33	+ 10.69	
inland	-3.46	-6.72	- 10.CO	-4.42	-2.3 <del>6</del>	-8.13	
7ance	+ 0.90	+3.95	+ 13.01	+ 22.27	+ 20.86	÷ 8.46	
Germany	-0.74	- 1.06	-0.86	+ 12.19	+ 10.99	- 0.39	
reland	+0.76	+ 1.26	+ 19.79	-22.53	-21.98	+ 9.47	
taly	- 1.86	-3.69	- 13.51	+3.73	- 3,14	-7.18	
Netherlands	- 1.13	-0.78	÷ 3.88	- 19 25	+1803	+ 5.93	
Vorway	-0.38	-2.62	- 18.16	+ 11.95	+11.10	-0.29	
Spain	- 0.18	+ 0.87	÷ 15.46	÷ 22.05		÷ 10.49	
Swedan	+3.22	÷1.38	÷7.39	+ 35.30			
Switzerland	-0.02	~0.78	+ 13.00	+ 24.13			
JK	- 1.32	÷0.70	+24.20	÷ 23.01			
UROPE	-0.77	+ 0.27	+ 12_26	+ 19.44	÷ 18.71	+ 8.5	
Australia	-0.06	+0.28	+ 7.92	±24.40	+42.88	+28.2	
long Kong	+0.07	- 2.23	+ 30.29	÷ 35.01	-51 43	+ 35.88	
lapen	+ 1.44	+2.12	- 3.42	+ 4.22	- 17.64	÷ 5.57	
Malaysia	-2.44	0.46	-3.79	- 1.94			
New Zealand	- 0.67	- 1.38	<b>- 17.62</b>	+ 9.00	÷ 20.88	+8.45	
Singapore	- 1.00	÷ 4.01	÷ 11.80	+21.27	<b>- 36.23</b>	+ 24.08	
anada	- 1.84	-2.77	+ 3,14	+295	+ 17.19		
JSA	-1.46	- 0.71	÷21.12	÷ 16.73	→ 30.07	+16.73	
Mexico	+ 1.28	+9.10	<b></b> 148.83	+ 118.62	± 133.82	+ 109.83	
South Africa	-0.48	- 1.98	+ 15.88	÷ 25.18	÷ 50.42	+ 34.9	
WORLD INDEX	-0.34	+ 0.41	÷9.87	+ 13.42	~ 23.35	÷ 10.69	

been speculation recently that

SE-Banken will not exercise its

option to huy 28 per cent of Skandia at an indexed price that analysts estimate has reached SKr245 a share. Skan-

dia has expressed its opposi-tion to SE-Banken's advances.

respond to general or specific stimuli. There was little reac-

tion when the Frankfurt

bourse insider trading commis-

sion cleared three Deutsche

Bank securities officials and a

television journalist from insider trading suspicions. After an 0.80 decline to 677.30 in the FAZ index in midses-sion, the DAX closed 7.87 lower

at 1,629.75 in turnover down

from DM4.3hn to DM3.5hn, in insurers, AMB fell DM20 to DM825. AGF, the French

insurer, recently confirmed

that it had acquired a 15 per cent stake in AMB over the

past 18 months. Allianz gained DM35 to DM2,030 in a technical

recovery.
Dider stories were more

FRANKFURT failed to

By Antonia Sharpe

N ADVANCE in Tokyo A last Friday offset weak-ness on Wall Street and ensured a steady world performance in a week dominated by

According to the FT-Actuaries indices, the world index fell by 0.3 per cent in local currency terms, although excluding the US it would have risen by 0.3 per cent. Without Japan, the world index would have fallen by 1.1 per cent.
Japan finished the week 1.4

per cent higher as a rise on Friday, on hopes of lower inter-est rates, reversed an easier start to the week. Friday's advance was made all the more convincing by the leap in vol-ume to 1.2hn shares, the first time above the 1hn level since Fehruary and almost triple Thursday's 430m shares. Nomura international in

London is optimistic about the stock market a shnrt term outlook. "The recent strength of the bond market and the subsequent easing of short-term rates should encourage some funds to he switched out of

money market instruments into equities," the broker writes in its weekly review. It also points nut that the stock market to date has failed to match the rally on the bond market and could quickly correct this anomaly.

However, the arrival of the long-awaited cut in US Interest rates on Friday failed to give Wall Street the support it needed to keep the Dow Jones index above the important 3,000 level. On the FT-A indices, the US fell 1.5 per cent on the week, on worries about the outlook for third quarter corporate results. Swiss Bank Corporation says

the main risk for European equities is again coming from the US. The hroker argues that, if investors find US bonds relatively unattractive, this could lead first th dollar weakness and then to rising bond yields. A weak dollar would make Europe's dollar earners less truoyant, while setbacks in US bonds would hardly be seen as positive news, especially if ars over the growth scene for 1992 are exacerbated.

Scandinavia provided the week's best and worst perform-

cent, boosted by favourable inflation data and hopes that last Sunday's general election would be won hy the opposi-tion conservative parties. The market, howaver, declined slightly yesterday after the centre-right coalition failed to

win a clear majority.

Ms Taina Ulias, country analyst at Kleinwort Benson, attributes Finland's 3.5 per cent drop last week to devaluation fcars, which have pushed three-month money market rates to more than 13 per cent from a level of 10.5 per cent

only two weeks ago. Investors are unwilling to return to the stock market until there are signs of prog-ress in the current wage talks and the hudget negotiations in parliament.

Ms Uljas believes that confidence on the Finnish bourse would get a much-needed boust if the opposition parties were to aupport the government's proposed hudget, which calls finr about FM10hn worth-of savings. "If the opposition par-ties agree to the spending cuts." she says.

## Tax plans and privatisation talk enliven Paris

PARIS WAS enlivened by news and speculation about government plans for tax and privatisation, but It ended helow the day's high on Wall Street's dull start. Stockholm was disappointed by election results while other bourses were flat, writes Our Markets Staff.

PARIS was unable to hold on to early gains, as the CAC 40 index fell from 1,887.56 to close at 1.878.26, up 2.07. Turnover was moderate at FFr2hn, down from FFr3.7bn. News of government plans to cut corporation tax had been expected, sald one dealer, but reports of an increase in capital gains tax

produced some wariness.

Speculation that Pechiney International could be the first state-controlled company to be partially privatised pushed it up FFr13.50 or 8.1 per cent to FFr181 in volume of 319,400 sbares, after a report in les Echos, the husiness newspaper. Investment certificates in Rhone-Poulenc, another candidate, rose FFr10.30 to FFr433.30

with 108,900 exchanged. Some blue chips fell prey to profit-taking before the end of the trading account this week, while others attracted demand after recent weakness. Accor, the hotels group, gained FFr15 to FFr820.

Department stores remained volatile. BHV, owned hy Nouvelles Galeries, rose FFr22 or 3 per cent to FFr/62 on expecta-tions of good interim results. Galeries Lafayette, which con-trols Nouvelles Galeries, rose FFr47 or 3 per cent to FFr1,637. STDCKHDLM was disap-

pointed that the opposition centre-right coalition had failed to gain an expected majority in Sunday's general election. The Affarsvärlden General Index fell 8.50 to 1.081.0 in turnover of SKr311m down from SKr523m.

Skandia free shares rose SKr5 to SKr198 after the bourse said that two block trades equalling 2.5 per cent of the share capital had changed hands at SKr200 a share. But the stock later closed at SKr189, down SKr4. There has

#### **SOUTH AFRICA**

JDHANNESBURG was held hack by a strong financial rand, following the signing of a multi-party peace accord. The ail-gold index fell 11 to 1,108 while the industrial index lost 6 to 4,203. The ail-party peace according to 1,108 while the industrial index lost 6 to 4,203. The ail-party peace of the control of the share index slipped 8 to 3,396.

FT-SE Eurotrack 100 - Sep 16 Hourly changes Open 10 am 11 am Noon 1 pm 2 pm 3 pm Close 1113,76 1115,12 1115,16 1113,69 1113,24 1112,50 1111,82 1111,95 Day's High 1115.58 Day's Low 1111.27 Sep 12 1117.77

another DM7.10 lower at DM643.90 for a three-day loss of DM18.10, on last Thursday's reports of a DM1bn loss at its Slemens-Nixdorf Information Systems division.

In steels, Deutsche Bank's denial that It had been huying Hoesch shares to deflect a foreign takeover left Hoesch DM1 higher at DM303.50. In the same sector, Mannesmann dropped DM4.80 to DM273 and Thyssen DM3,70 to DM241.30. In cars, Dalmler Benz fell DM8.50 to DM737 while Por-sche fell DM4 to DM715. Mer-cedes-Benz chairman Mr Wer-

ner Niefer reportedly told

Austrian state radio that his

company is thinking about taking a stake in Porsche. MILAN closed the September trading account on a weak note. The Comit index fell 2.63 to 541.61 in volume estimated at L100hn, boosted by end-ac-count transactions after last

Friday's L95hn. Fiat dropped L87 or 1.6 per cent to L5,403. The car company's UK tractor manufacturing unit, Ford New Holland, announced 750 joh cuts from a total workforce of 3,000. Ollvetti, the computer company, slid L102 or 3.2 per cent to L3,080. Generali, the insurer, which launches its L1.75 trillion capital increase today, fell

L200 to L29.300.

AMSTERDAM saw contin ued buying interest in the publisher, Elsevier, in the wake of the company's presentation in London last week, at which the management expressed nptimism over next year's outlook. The stock added F1.60 to F190.30 on foreign and domestic business.

tic huying.
The CBS tendency index fell 0.2 to 92.1. The government k due to present its hudget today, but this is not expected to contain any surprises. Royal Dutch went ex a dividend of FI 3.45, but closed only a net 95 cents lower at FI 153.10.

ZURICH fell in very thin trading, the Credit Suisse index losing 5.1 to 526.3 with Nestlé bearers, the most active stock, SFr80 lower at SFr8,320 and Clba-Gclgy bearers, a recent front-runner in the health and household sector falling SFr50 to SAFr3.170.

ISTANBUL bounced off lts lowest level this year. The 75-share index ended at 2.863.72. up 51.83 or 1.8 per cent.

THE ABSENCE of a lead from Japan yesterday kept most Pacific Rim markets quiet and cautlous. The Tokyo stock market was closed for a national holiday. AUSTRALIA fell sharply

after Wall Street's retreat on Friday. The All Drdinaries index lost 10.7 to 1,557.1, while 7.2 to 913.4 as a stronger Australian dollar put pressure on the sector. Turnover declined to A\$166m from A\$252m.

slipped 4 cents to A\$5.18 after the diversified manufacturing group announced a one-for-live rights offer at A\$4.30 a share to raise A\$673m. Faulding, the pharmaceuti-

A\$54m. However, the stock later recovered to close

NATIONAL AND REGIONAL MARKETS

Malaysia (68) 203.89
Mexico (18) 1226.36
Netherland (31) 111.91
New Zealand (14) 47.08
Norway (31) 203.57
Singapore (38) 197.58
South Africa (61) 248.87
Spain (53) 155.04
Sweden (25) 199.66
Switzarland (58) 95.38
United Kingdom (240) 182.90
USA (527) 155.91

unchanged on balance at A\$5. NEW ZEALAND was pulled lower by another fall in Fletcher Challenge, which lost 6 cents to NZ\$3.43 after last week's downgrading of profits forecasts by analysts. The NZSE-40 index shed 3.63 to

1,408.77 in active turnover of NZ\$22m, down from NZ\$24m. SINGAPDRE declined in light volume, with the Straits Times Industrial index losing 11.02 to 1,404.67. Ahout 26m shares changed hands, down

from Friday's 81m, which had included a placement of 56m Singapore Land shares. Scotts Holdings was the most active stock as it made its debut, closing at \$\$1.05 after an offer price of \$\$1.25. HONG KONG also eased in

quiet trading, as the weekend's elections failed to stir the market. The Hang Seng index retreated 20.59 to 3,953.53 in turnover of HK\$1.09hn, after

FT-ACTUARIES WORLD INDICES Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWast/Wood Mackenzie in conjunction with the Institute of Actueries and the Faculty of Actuaries

+0.3 +0.3 -0.4 -0.7 +0.5 -0.1 +0.2 +0.3 +0.2 +0.3 +0.2 +0.3 +0.5 -0.5 +0.5 -0.5

The World Index (2284)... 143.68 +0.4 122.99 121.62 125.80 131.10 +0.3 2.59 143.17 122.45 121.32 125.47 130.70 149.01 123.28 131.56

Copyright, The Financial Times Limited, Goldman, Sachs 8 Co. and County NatWesl Securities Limited, 1967
Constituent change 16/9/91: Name change: Universal Cable Hidgs, 10 Leader Universal Hidgs, (Malaysia), Latest prices were unavailable for this edition.

January 15 near the start of the Gulf war. last week's losses, the compos-lte index slipping 3.12 to 541.34 In volume of 26.7m shares. SEDUL fell on profit-taking.

growing concern about the economy. The index receded 7.2 or 2.4 per cent to 288.09 on turnover of 5.03m shares.

 Vield
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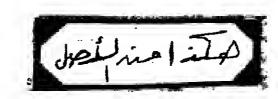
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Tuesday September 17 1991



After several years of exuberant growth, sales of personal computers are slowing. Now the PC

market is looking for regeneration. Multimedia may provide the spark. Alan Cane reviews progress in the evolution of today's single most influential business technology

## Waiting for the explosion

ONE evant above all others brought some colour into what has been a grey year for the has been a grey year for the personal computer husiness: Apple Computer, the founder of the modern PC industry, and International Business Machines, the world leader in PCs, agreed to collaborate in

business and technology.

The surprise could not have been greater if David and Goliath had agreed to work together to research and develop the slingshot market.

In the 10 years IBM has been in the PC business, the two companies have been bitter rivals. Their approaches to personal computing have been directly opposed. IBM has made its machines the business standard, offering PCs suited to commercial data pro-

The idiosyncrastic Apple Macintosh machine, on the other hand, with its "wimp" (windows, icons, mice, pull down menus) interface was designed for easy use hy non-

Now they are joining hands to attempt to define the future of personal computing. The agreement covers four areas: joint creation of a new, object-orientated operating system, hoehorning IBM's high-speed

risc microprocessors into Apple PCs, belging Apple to sell its PCs in IBM accounts, and setting jointly a global standard for multimedia com-

Further details of the new alliance are vague. The distinguished US commentator Stewart Alsop noted in a recent issue of his newsletter. "It may well be that what is left unsaid is left that way because the new partners have no idea themselves about what they are trying to accomplish. The result is that it is almost impossible to say anything intelligent about the impact of the deal on either company or the industry."

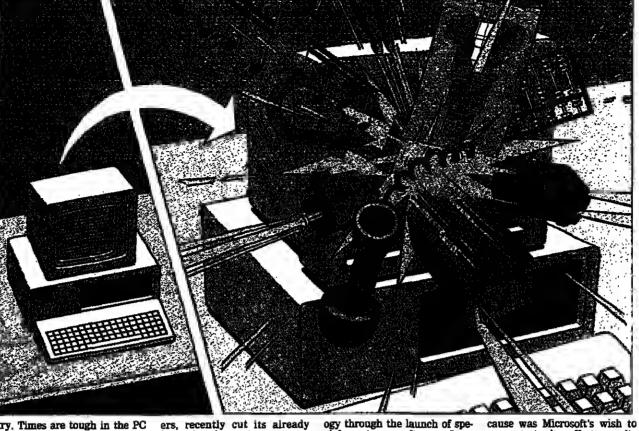
But what the "Purple Alliance", as Alsop calls it, has done is to place a spotlight on some important trends in the industry.

The threats to established

players from an explosion of new technologies at a time of stagnant sales;

The blurring of the line between PCs and midrange

The importance of object-oriented software techniques; The emergence of multime-dia as a potential source of new growth in the industry. First, the state of the indus-



try. Times are tough in the PC business. The recession in the US, UK and other parts of the developed world has knocked much of the stuffing out of an industry hitherto noted for its ability to maintain rates of growth ambitious hy any stan-

Even Compaq, the US manufacturer of high performance PCs, found its previously unchecked growth curve turning down this year. Apple Com-puter's results suffered from its decision to sell lower margin products than in the past. The result is that the US mar-ket, the dynamo for growth in earlier years, is flat. IDC, the market research consultancy, estimates the US PC market will grow only 0.3 per cent this year and 4.3 per cent in 1992. Europe is little better, with the UK the blackest spot, while Germany still enjoys some-thing of a boom. Price cutting is rampant.

Dell Computer, one of the most innovative of the new suppli-

ers, recently cut its already low prices by up to a quarter. The price of a Dell notebook computer, for example, went down from £2,349 to £1,799. The recession is to some

extent masking much more fundamental changes in the PC business. There are signs the market is becoming saturated. Estimates are that within two to three years, replacement machines will represent 70 per cent of sales compared to about 40 per cent at present. There are also signs that

business customers are becoming disappointed with the results of investment in PCs. The machines have improved massively in power, with suc-cessive generations of processor chips, but software to take advantage of the new power has been slow in emerging.

Both Apple and IBM face fierce threats from competitors offering lookalike technologies. Apple, for example, this year faced the greatest threat to its proprietary Maciniosb technol-

ogy through the launch of spe-cial systems software from concentrate its efforts on its Microsoft called Windows 3 operating system DOS version which duplicates much of the look and feel of Apple's graphi-cal interface. Windows 3 has 5 coupled with Windows 3, rather than OS/2. been hugely successful, partly due to Microsoft's decision to Industry experts agree that the combination of Intel micropro-

For the moment, anyway.

computers and small main-

and Psion of the UK, and note

Apple came back with a new and more powerful version of its own operating system. System 7. For the moment, however, Apple's position in its key markets, especially desktop publishing, seems sacure through the quality and comprehensiveness of its software support – "the best set of per-sonal productivity applications in existence", as one commen-

sell it at under £100 to capture

Operating systems, however. remain a source of controversy in the industry. This year there was a considerable cooling in the relationship between IBM and Microsoft, which supplies both its DOS and OS/2 PC operating systems. The apparent

dows NT. Sun Microsystem's Solaris, the new development from IBM and Apple, and developments of Unix from the Santa Cruz Operation (SCO). The aim will be to tie PCs and more powerfut machines together in seamless networks. None of this suggests that customers will find it any

systems will be available,

including Microsoft's new Win-

easier to make decisions either about technology or about product strategies, increas-ingly they will be dependent on the "channel" - the dealers, retailers, value added resellers and software bouses responsible for distributing some 80-90 per cent of PCs to customers. Channel differentiation is already apparent. Compaq will this year for the first time ask for a high level of expertise from dealers selling

The fact remains that com-puter users and the PC industry Itself are waiting for a breakthrough in software to generate fresh sales and new excitement in a stagnant industry. The original Visicalc spreadsheet is credited with popularising the Apple II, Lotus 1-2-3 with the success of

the IBM PC.
What will create mass markets for the hugely powerful PCs of the middle 1990s? Hopes for artificial intelligence were dashed when expert systems, a way of combining computer power and human expertise in an sutomated assistant, found only niche markets in commercial companies.

Much is being made at pres-ent of multimedia, the combicessors and Microsoft operatnation of sound, video, text, graphics, animation and coming systems, which have characterised the industry to date, puter power on a PC coupled with facility for the operator to interact with the information is coming to an end.

The line between PCs, workstations and midrange computers is becoming blurred. Netcontained on the system. works of PCs are encroaching on territories occupled by mini-

Multimedia has the capacity to generate new PC markets but it has burdles of cost, stan frames, Palm top computers of the kind developed by Poquet and Hewlett Packard of the US dards, education and technology to overcome before it for the role of the Lotus 1-2-3 of the 1990s. \*PC Letter, Industry Publishing

book computers, may well emerge as the "personal" com-puters of the future. "PC Letter, Industry Publishing Company Inc, 301 Island Park-woy, Belmont, California, tel 415-592 8880. Avoiloble in Europe from Parkway Gordon, 2 Queen Street, Henley on Thames, RG9 1AP, tcl 0491-578188. Desktop machines will be linked together in oetworks, driven by powerful network "servers" - suppliers of data or computational power. A variety of operating

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## There's no riddle when you



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CONSULTANCY & SERVICES

## New user is the holy grail

"DEAD in the water!" is the way John Sculley, chairman of Apple Computer, recently described the US PC market. Sales are stagnant, prices are tumbling and the future is also also with unaestagnities. clouded with uncertainties.

The recession that has gripped the US economy for the past year has taken its toll throughout the computer business, but the PC sector has been particularly hard hit. The double digit sales growth of past years has come to a grind-ing halt.

In efforts to boost demand and build market share, leading PC manufacturers, including IBM, Apple Computer and Compaq Computer, bave slashed prices by as much as 40 per cent. Competitors, however, have followed suit, creating a "price war" that has pared profits throughout the

While the economy has played its part in the slowdown, turmoil in the distriburesellers who deliver most PCs to end users - is making matters much worse. In the past few months, eight of the top PC distributors in the US have been involved in mergers or acquisitions. ComputerLand bought Nynex Business Centers, CompuCom purchased Computer Factory, and Inacomp Computers announced it will merge with Valcom to

Last month, JWP, s New York technical-services company that has built a big PC business through acquisitions, completed its purchase of Businessland, once the largest PC distributor in the country but recently plagued with heavy

Businessland's probleme illustrate those of the industry.

chain of computer stores, win-ning purchase contracts from businesses to which it offered training and support services as well as hardware and soft-

Over recent years, however, many large corporate customers bave shifted their purchases to no-frills dealers such as JWP, while smaller businesses and individuals increas-ingly buy from discount "super- stores". Other custom-ers bought directly from manufacturers such as Dell Com-puter that sell by mail order. The standard PC has become a "commodity" product and price has become the primary differentiating factor. Busines-

ally improve, there is an under-lying weakness in the market. The US market for desktop personal computers is matur-ing. More than half of the machines sold to businesses over the past year have been used to replace older models, but corporate buyers are

the current problems of excess inventory in the US distribu-

tion channel may be short-

lived, and the economy eventu-

increasingly sceptical about

The growth of PC sales has slowed in each of the last three

years - from 34 per cent in 1968 to 10 per cent last year, when US sales reached \$23.7bn, according to Dataquest.

It predicts unit sales of PCs

An exception to this decline

will decline an average 6.9 per cent a year through to 1995.

is the lightweight "notebook" computer. Many observers pre-

dict white-hot growth for note-

books for the next few years. Analysts at Hambrecht &

Quist, the San Francisco investment banking group, expect 1991 sales to top 1m

units, with the notebook mar-

The standard PC has become a "commodity"; price has become the differentiating factor

sland, and several other comthe advantages of the latest puter chains, failed to adapt to changing market conditions higher performance, higher-priced PCs. The education market, once the stronghold of Apple Com-puter, is increasingly frag-mented and has suffered as a consequence of school budget

quickly enough.
PC manufacturers beavily dependent on independent dealers have been seriously affected by the wave of consoli their existing stocks, they are delaying new orders.

Compaq Computer's latest financial results provide stark evidence of the impact of volatility in the distribution channel; it reported the poorest quarterly results in the com-pany's history, with earnings down 81 per cent at \$20.3m and sales down 17 per cent at \$718m for its second quarter. The company's US revenues dropped 36 per cent compared with the same period last year.

Compaq was hardly alone in reporting dismal results this summer. Apple Computer lost \$53.1m in its third quarter Founded in 1982, Businessland ended June 30, after writing off ket maintaining 50 per cent rapidly built up a nationwide the \$224m cost of restructuring annual growth. BIS Strategic

operations to prepare for slower growth. Apple's sales rose 12 per cent to \$1.52m.
Industry analysis say that it may be well into next year before US PC makers financial results begin to improve the property of the propert results begin to improve. While

are already regular users of desktop computers. But the hig challenge for the industry is to create products that will attract new computer users. By blending computer and video technology, computer makers hope to breath new life into the home computer market, which has been in the doldrums for the past four years.

One of the most promising developments is the "pen-based" computer, in which the keyboard is replaced by a tab-let upon which the user can write. This emerging product is expected to blassom into a 1.5m unit market by the mid-

The industry is also looking beyond the hardware and soft-ware standards that have dom-inated the market for the past decade. Compaq Computer, Digital Equipment, Microsoft and Mips Computer are leading the "Ace Initiative" to estab-lish a new set of standards for the next generation of PCs as

well as larger computers.

IBM and Apple Computer have joined forces in an effort to create a new "open systems platform" based on object-ori-ented software, which greatly simplifies the process of developing new applications.

That is critical if the PC mar-

ket is to regain the excitement of the 1980s. Manufacturers and industry analysts maintain that what the PC industry urgently needs are compelling new applications that will create new demand just as the emergence of spreadsheet pro-grams and deartop publishing programs did in the past.

#### **WESTERN EUROPE**

## Too lucrative to let go

THE European PC market is dominated by US and Asian producers, but PCs remain a critically important source of revenue to European-based manufacturers, writes Alan

Groupe Bull of France, for example, paid some \$500m for the PC operations of Zenith Electronics of the US in 1989 in an effort to strengthen its hand in PCs. A heavy loss maker in the past couple of years, Bull has put in place a recovery plan which underlines the importance of the PC business. Within three years, up to 40 per cent of Bull's sales are expected to come from Zentth. compared with only 20 per cent

As another example, Philips of the Netherlands retained its PC operations when it sold its loee-making information systems division to Digital Equipment of the US earlier this year. The PC division will be managed within Philips' successful consumer electronics section — an indication of the extent to which PCs have become commodity products. Philips has invested heavily in a new technology called multi-media which combined PCs and compact disc players; expertise in PC technology is ential to its development

According to a new report from the newsletter Electronics Europe, Europe will probably become the world'e best market for business multimedia epplications, and Philips has a world lead through its development of interactive

compact disk technology.

Then there is International Computers of the UK, now owned by Fujitau of Japan, which bought Nokia Data of Finland earlier this year, thus more than doubling its output of PCs. According to Mr Peter Bonfield, ICL chairman and

**European market share** Total units 1990 = 7:5 million IBM\_14.5% Commodore Olivetti 6.8% Amstrad 3.9% Atari 6.1% Compaq 5.7% Apple 5.9%

chief executive: "PCs are now a key part of ICL's business. They contribute 15 per cent of ICL'e overall revenue, some £250m, with sales expected to increase significantly for the

foreseeable future."
Last month, KL announced a \$4.5m contract for 1,500 PCs by three regional banks in the French Crédif Agricole banking group, as well as a contract worth £7m over 12 months by

British Ges. ... The European market for PCs, together with peripherals and software, is worth about 230bn a year. There are still significant opportunities for growth, and the overall market growing at between 10 and 20 per cent a year. Mr David Hooker, who manages ICL's PC husiness, says the company is forecasting 57 per cent growth in sales this year, boosted, he thinks, by the strategy of sell-ing PCs based on the latest microprocessor technology at the price of the preceding gen-eration; and its shillty to pro-vide a high level of support to

companies setting up complex computer networks. Olivetti, barely profitable at present as an information technology company is Europe's most successful indigenous PC manufacturer, its share of the market, however, has fallen from more than 11 per cent in 1987 to about 6.8 per cent in 1990. This includes sales made by Acorn, Olivetti's UK subsidiary, which specialises in the

education market.
PCs are marketed by both Olivetti Office and Olivetti Systems and Networks (OSN) iwo of the company's four hig marketing divisions. The range includes low end machines intended chiefly for the home market, professional office computers and high performance workstations.

A significant success for Olivetti has been its agreement to eupply Digital Equipment of the US with desistop machines for sale in Europe and portable

componers for sale worldwide. Dr Kevin Bran, analyst with Credit Suisse First Boston in London, warns, nevertheless, that Olivetti has some long-term problems in the PC curb the export to the Soviet

area: "At the high end, Olivetti PCs are not taken seriously enough by PC dealers or their customers. From a technologi-cal and quality standpoint, this may be unjust, but altering

that perception will require

on the other hand. Olivetti is aiming for 10 per cent of the European market for PCs by the end of this year. The portable market is increasing at a ble market is increasing at a compound annual growth rate of about 44 per cent, according to Dataquest, but it is a market dominated by Toshiba and, to a lesser extent, Compaq, and Olivetti has a battle on its hands. Amstrad, the pioneer of low-cost professional computers in Europe, is suffering from an image problem. Although its batest tames of PCs is become.

image problem. Atthough its latest range of PCs is technically excellent, quality problems with an earlier range hurt its reputation; furthermore it no longer has the price advantage of earlier years, Amstrad computers are cheap, but no

longer spectacularly so, com-pered with other suppliers. Mr Ray Sangster, Zenith vice president for Northern Europe, present for Nothern Europe, a says that to stay in business, a European PC company must ensure that it has:

maure man it mas:
■ Access to the right technology. In practice this means establishing a strong relationship with chip manufacturers

and software suppliers.

Established joint ventures. No company can do every-thing, and with product cycles now as short as 18 months successful manufacturer has to

be on top of the trends.

Joined the right consortia.

Industry standards are being set by lobbies like the ACE (Advanced Computing Environment). ronment) group. Most makers hedge their bets by joining them all.

Channel control — a good relationship with the dealers.

distributors and value added resellers who are responsible for almost all PC sales these days. Traditionally, battles for dealers' favours have been fought out over discounts, but Mr Sangster detects a new trend in Europe. As the larger dealers face up to higher over-heads forced on them by the need to provide greater support for their customers, they are looking for discount levels based on a more sophisticated ume. The suggestion is there should be a base discount augmented by extra points for the level of expertise the dealer can display. At the end, a mere 2½ or 3 points would be added on for volume.

#### **EASTERN EUROPE**

PERSONAL computers helped end the Soviet putech. The lim-ited numbers of PCs in the for-mer Soviet Union — estimated at between 500,000 and 750,000 - kept citizens throughout the former union informed during the crisis, writes Paul

But now PCs are needed to save the revolution. The states that formed the USSR are decperately short of computers to manage their economies.

The pent-up demand for computers in the former Soviet bloc is immense, says Mr Tom Byrne of Marine Com-puter Systems, a joint venture between LCL of UK, the USSR Merchant Marine Ministry and the civic domestic consumer service board of Leningrad

He says the shortage of computers can be explained partly by the restrictions placed on the export of strategic materials imposed by the Coordinat-

Union and its allies of goods which could be used for military purposes.

Until recently, Cocom for-bade the export of even low-powered PCs with 286 chips. As a consequence, there are a large number of software writers in the former Soviet countries capable of writing extremely tight code.

Most of the future demand in the former USSR is likely to

come from the state rather than individuals, says Mr Byrne. A standard 286 machine, he points out, costs about 80 times the average monthly salary. The main constriction on a potentially explosive growth is the absence of a convertible

rouble: all trading in comput-

ers is transacted in hard cur-rency. The telecommunica-tions infrastructure is also pitiful, with insufficient capacity and poor line quality. anies such as ICL, Dec, are positioning themselves to exploit what may one day

David Madden on high-performance chips

## Ever more power

NEXT year Intel expects to release a new generation of PC microprocessors. These 80586 chips will cram some 3 million transistors on a single device, and will run at 100 MHz = 10

times faster than the Intel chip powering IBM's original PC. Today you can buy a PC. Dells 450DE for example, pow-ered by Intel's 80426 microprocessor running at 50 MHz, 50 per cent faster than the 33 mgh 80486s on the market. Again, in 1992 we will see an 80496 run-ning at 66mgz, half as fast

In all, says Ian Wilson, Intel UK's technical marketing manager, Intel expect to be able to double microprocessor perfor-mance every two years up to the end of the decade.

The question confronting PC

systems builders - and their buyers and users too - is why? What is this power for?
The pace of development of microprocessor technology is awesome. For users, the phe-nomenon has an air of unreality - we'd all love a 7-series. BMW if we could afford one, but what is the point of a vehicle that can do 160 mph if the speed limit is 70? In per-sonal computing, the "speed restriction" comes from operating systems and application software.

software.

Diran Kazandian, technical director of Viglen, one of the UK's last indigenous PC makers, applauds the inexorable integration of chip technology, but he says the pace of this change, not just of microprocessors but of support chips too, is such that it is impossi-



ble to know when to freeze design and when to actually build a computer. There are implications for

build accomputer.

There are implications for users too. Richard Owen, workstation manager for Rewlett Packand UK, observes that "at the moment the deaktop is a little over-powered. Most people are still running DOS software and that simply deesn't exploit the processor power. A see is more than good enough."

Even with window environments, the individual applications are invariably DOS-hased. IBC, too, concedes that software development is still in the dark ages compared with microprocessor technology.

This goes some way to explaining the low pick-up of 486 based machines atthough the power girt has been compounded by supply delays. Shidy Bull-Lewis: of BOC, the research group, says 468 will constitute ino inore than 3 per cent of PC shipments this year, or around 4 per cent of shipment value.

The fact is that while 386 and 486 are 32-bit chips, DOS is a 16-bit operating system with

and 486 are 32-bit chips, DOS is a 16-bit operating system writ-

a 16-bit operating system written more than a decade ago for a simple processor.

Of course the situation is changing. IBM argues that microsoft windows, for example, need 386 power to work well, and it is clear that most of the 486s that have been bought are either supporting genuinaly power hungry applications such as CAD, or in networks as servers. works as servers.
This illustrates two imper-

tant developments. First, as IBM points out, the software hish points out, the software savironments of the near future: will exploit — and in their turn demand — deaktop power. This is the key to computers becoming more usable. IBM says, and advanced graphical interfaces and speech recognition and synthesis techniques, for example, will take ognition and synthesis tech-niques, for example, will take up the power slack.

Secondly, the world work stations and PCs are coming together. Intel argues that the future of the PC computer lies with the enterprise-wide net-work. Deaktop computing is supporting more complex

organisation and more sophis-ticated applications. Client server networks are widespread - and that all points to more. CPU horsepower," says

long time microprocessor rival, offers much the same interpretation. "The trend is clearly to heterogenous enterprise net-works. The world is moving to open systems, to inter-operability driven by standards rather than clones," says Gordon Stubberfield, Motorola computer systems UK marketing manager.

manager.

If this differs from Intel's view, it is in the fact that Intel is driven by the need to protect investment in the DOS PC hase, paradoxically its greatest asset, through compatibility. Motorala's argument is that ultimately what users have on the desk's top, as a window on to the network, could as easily be a Mac, an externimal or a

that it is bringing a Risc into competition with Intel's complex CISC technology for the first time. The real challenge for the desktop will come from Risc processors as they come down steadily in price," says Richard Owen.

Certainly, Risc, which trades complexity for streamlined operations, is a hyper active section.

HP-PA. IBM RIOS, MIPS and

their like promise to deliver thumping processing price performance — and may well outstrip the potential of CISC technology in the long run.

IBM and Apple will be designing their operating system for a Risc machine; Microsoft, it seems, intends to put MS DOS on on Intel platforms; and intel points out that all the desktop operating systems in deaktop operating systems in development, such as the next SCO units or Windows NT, will run on Intel platforms. Concluaively, the Intel 586 will be a Risc type super scaler chip. "The debate of the 90s will

be which operating system to choose – not which proces-sors," Mr Wilson says.

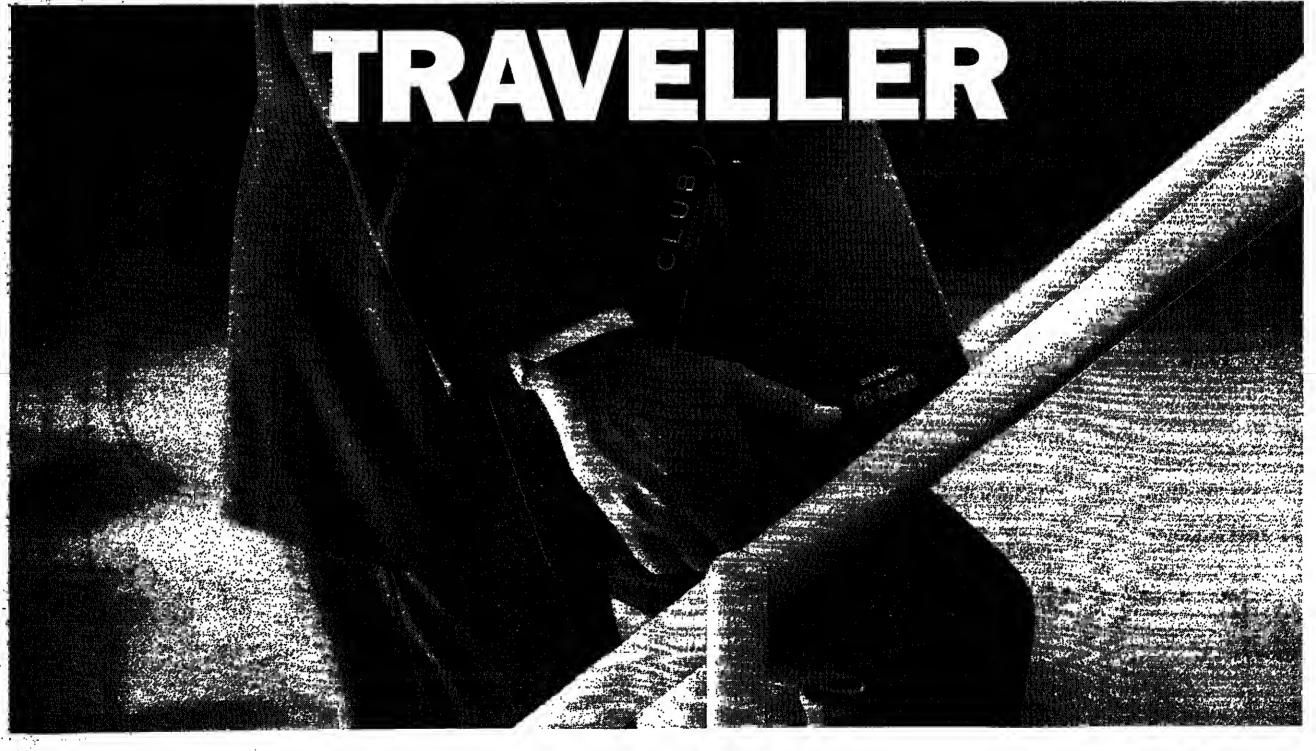


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reguletions. "Giveo Intel's position as a key supplier of components to the computer

industry, we've long had an

aggressive programme in place to make sure that our business

practices deal fairly and equi-

tably with our customers and

are in compliance with anti-

trust laws," says Thomas Dun-lap, Intel vice president and

Similarly, Microsoft, the world's largest computer soft-ware company, also under Investigation by the FTC,

denies any wrongdoing. "I

don't believe we are doing any-thing illegal or unethical," insists Mike Hallman, Micro-soft president. The FTC has

not raised any specific charges, be points out. With 1990 revenues of

\$1.18bn, Microsoft dominates the market for programs that

run on PCs. Yet within the software industry, Microsoft's success is resented. Competi-

tors charge that Microsoft uses "bully tactics" to expand its

general counsel

A virtual monopoly is being challenged, writes Louise Kehoe

## Frontrunners fast losing ground

Intel microprocessor and Microsoft software for its first PC product, thereby anointing the two West Coast companies as primary suppliers to the

entire PC industry.

An estimated 60m PCs containing Intel chips and con-trolled by Microsoft software have been sold in the past

Today, however, both compa-nies are facing anti-trust investigations by the US Federal Trade Commission, and Intel has additionally been charged with anti-competitive practices In private lawsuits filed by two competitors. While the FTC has not revealed the basis for either Investigation, and no charges have been filed against the companies, it appears con-cerns have been prompted by Intel and Microsoft's virtual monopolies as suppliers to the \$90bn PC market. Microsoft's MS-DOS operat-

ing system and Intel's X86 microprocessors are critical elements of "standard" IBMcompatible PCs manufactured by dozens of US, European and

Asian companies.
Ironically, the spectre of anti-trust complaints against

the semiconductor and soft-ware companies has arisen just as both companies are facing serious competition. Intel, long the sole supplier of micropro-cessor chips to almost all PC manufacturers (with the exception of Apple Computer in the US, and NEC in Japan), is fac-ing competition from rival chip makers, including Advanced Micro Devices, that have

"cloned" its popular micropro-cessors and related chips. Potentially more threatening, bowever, are computer industry alliances that could bypass Intel microprocessor chins to create new "standard platforms" for tha next generation of PCs. IBM and Apple for example, bave joined forces to co-develop new PCs to be based upon an IBM RISC (Redneed Instruction Set Computing)

instruction Set Computing)
microprocessor chip, dubbed
the Power PC chip, rather than
upon Intel chips.
An industry consortium, led
by Compaq Computer, MIPa
Computer, Digital Equipment
and Microsoft, and backed by some 60 hardware and software companies, has also set ont to establish a new "standard platform" for the next generation of PCs.

The Advanced Computing Environment (ACE) group has chosen two brands of microprocessors as the standard "plat-forms" for future products -Intel's microprocessors and rival devices developed by MIPs Computer.

It is clear, however, that the initial focus of members of the group will be upon developing PCs based on MIPs' chips, rather than on the current

Intel and Microsoft are facing legal and competitive challenges

standard Intel devices. In the meantime, Intel faces a potentially serious legal challenge from rival chipmaker Advanced Micro Devices, which last month filed a \$2bn lawsuit against Intel charging the company with anti-trust

In its lawsuit, AMD claims that Intel bas deliberately attempted to limit competition in the market for microproces-sors by "keeping AMD out of the business and refusing to customers unless they also purchased other products from

AMD also claims that Intel conspired with certain computer manufacturers and dis-tributors of computer components to induce these firms to refuse to deal with AMD, to tie purchase of other Intel prod-ucts to sales of 80386 micropro-cessors and to limit the sales and supplies of 80386 microprocessors to competing original

equipment manufacturers. Intel has dismissed the AMD lawsuit as "ridiculous", but the case casts a cloud over Intel's future that could affect its ability to maintain a dominant position in the microprocessor market. Industry analysts speculate that AMD may also have provided the FTC with information for its anti-trust Inves-

tigation of Intel.

Another vocal critic of Intel is Cyrix, a small Texas-based semiconductor company, that has also filed an anti-trust suit against Intel.
Intel remains confident, how-

dominant position.

The FTC has told Microsoft ever, that it will receive a "clean bill of health" from the FTC. Intel claims it is "meticuthat it is conducting a broad anti-trust investigation into "third-party allegations that the company has monopolised lous" in adhering to anti-trust

George Black looks ahead and sees an echo of the bad old days

Standards crisis looms up

Top sellers worldwide Ranked by unit shipments

	ne L	Western Western	Japan	Rest of Works	Worldwide	Sharo	chare.
IBM .	1,544,000			209,000	2,801,115	13.0%	12.0%
Commodo	re 295,000	1,040,720	5,000	128,000	1,468,720	6.8%	6.4%
Apple	980,100	291,210	45,000	125,000	1,441,310	6.7%	72%
NEC	225,375	, 0	880,500	42,000	1,147,875	5.7%	5,7%
Amstrad	67,200	698,660		55,000	820,860	3.8%	- 17.8
Compaq	400,000	285,515	11,000	58,000	754,515	3.5%	3.7%

or has attempted to monopolise the market for operating systems, operating environ-ments, computer software and computer peripherals for per-sonal computers". Like Intel, bowever, Microsoft is facing significant challenges. The software company's relation-ships with leading PC manufacturers are strained, and competition from Unix. an AT&T computer operating sys-tem, threatens Microsoft's role as the primary supplier of systems software in the market for microprocessor-based com-

in a drawn-out legal battle It is, however, the deteriorawith Apple Computer over tion of Microsoft's relationship alleged copyright infringement of Apple's Macintosh software. Apple and IBM appear to have with IBM that is gaining most attention within the industry. The long-time allias now acknowledge differences of opinion over the direction of PC software. While Microsoft is joint efforts to develop softpromoting its "Windows" program, in combination with DOS, as the operating software of choice for most PC users, IBM is firmly committed to a new generation of software based on OS/2, an operating system that the two companies

Intel and Microsoft will undoubtedly continue to play a central role in the PC industry of the 1990s, but the virtual monopolies thesa companies have enjoyed for the past decade may be short-lived in the face of legal and competitive challenges. developed together.

Microsoft is also embrolled tive challenges.

ware for the next generation of Intel and Microsoft will

excluded Microsoft from their

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THE operating system standard is set to present PC users and software developers with a new set of problems. MS/DOS, the system which has been the standard platform

for applications on the IBM PC and its lookalikes ("clones"), will soon go into decline. It will probably reach its peak of popularity in 1993, but thereafter will yield ground rapidly to

MS/DOS will make up more than 70 per cent of sales of PC operating systems and graphi-cal user interfaces (GUIs) in Europe this year, with Unix and 05/2 bolding only minimal

By 1996, however, the pro-portion of MS/DOS will fall to about a third, while Unix and 0S/2 will each take about 10 per cent, according to IDC, the market research organisation.

Meanwhile, the Apple's proprietary Macintosh system is also gaining supporters.

The result of this will be confusion among users and devel-opers on a scale which has not en seen for a decade.

of the IBM PC, it established an indisputable standard in the form of Microsoft's MS/DOS for most of a decade. This removed most of the worries about incompatibility that troubled the computing business at the beginning of the 1960s. But MS/DOS is becoming

outdated because it was designed for the standalone PC market, which is giving way to networks. A networked envi-ronment needs an operating system which can easily handle multi-user and multi-task-ing situations. Troubles over the transition from 16-bit to 32-bit programming might ecbo those in the transition from 6-bit to 16-bit.

Technical conflicts are complicated by the struggle for power between IBM and Microsoft. The essential issue between the two is that Microsoft's interest lies In getting its software on to as many different makes of PC as possible, whereas IBM's lies in denying the market to the clones.

The main competitors with

from the clones.

Unix, the open system that originated from AT&T and has made a big impact in the mid-range and workstation sectors. MS/DOS's life bas been extended by a series of mis-haps to both Unix and 0S/2. The former was slow to take off becausa several different versions were competing; the latter was affected by technical problems and the clash between Microsoft and IBM.

MS/DOS has also been regenerated by Microsoft's GUI - called Windows 3 - which has been very successful in the last 18 months. However, the launch of a 32-

bit portable version of Windows, known as Windows New Technology, scheduled for next summer, may push users from

Users and developers are Microsoft's Intentions for Windows have been the subject waiting anxiously to see whether this version of the of controversy and remain code will be as strong as IBM

unclear. There have been doubts about plans to make has indicated.

It will be a crucial moment Windows New Technology for IBM, as 0S/2 is an integral compatible at the binary code part of its blueprint for the level with 0S/2 and thus profuture of software known as Systems Applications Architecvide a migration path from Windows 3 to 0S/2.
Whether it decides to introture (SAA). Most of SAA remains theory at present; 0S/2 could change that. The credidnce that compatibility may bility of SAA and IBM's indus-

depend on the success of 0S/2. IBM has stated its intention to try reputation rest beavily on the delivery of a fully functionmake 0S/2 a standard on a par with MS/DOS, but many observers think IBM will try to ing 0S/2 Even loyal IBM customers have had their doubts about it use It to regain market share up to now. IBM cannot afford

IBM is due to bring in ver-sion 2.0 of 0S/2 this autumn, and will accompany it with a to fall with 0S/2 and risk alienating those customers.

Mr Martin Milautzcki of IDC comments: "The situation is beavy marketing campaign.

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very difficult now for users. They are baving to spend much money on IT in a very uncertain situation. The question is, whose promises can they believe?"

When 0S/2 2.0 is launched, offering compatibility with existing MS/DOS and Windows 3 applications, software bouses will have to decide whether to develop for that platform as well as Windows 3. As yet the progress of 0S/2 is held up by lack of applications.

There are few for 0S/2 itself, and fewer for its GUL Presenta-tion Manager. IBM is trying to help software houses accelerate their production of applications, but there will not be many algnificant new programs before mid-1993.

Software houses are thus

still unsure which platform to target for the mid-1990s. Unix should be the best for developers in the scientific, technical and engineering fields, where it has already established itself on more powerful workstat-

advantage of applications com-patibility with MS/DOS and is likely to be used in offices where PCs have to communi-cate with larger IBM systems. Developers have to ensure

platforms of the future while keeping their ever-mounting costs under control.

Mr Paul Bailey, UK managing director of Lotus, the spreadsheet company, has tracked the platform issue since the mid-1980s and has studied the problems dogging 0S/2 and Windows. In 1989 Lotus decided to throw its

resources at Windows 3, when it looked a stronger option than 0S/2. Now Mr Bailey is keen to find out whether 0S/2 2.0 will do everything IBM says

Novell, the local area networking firm, is having to increase its research effort to cover all the possible options. its marketing specialist. Mr John Lo Conte, says it is sup-porting work on 0S/2, tha Apple Macintosh and Unix operating aystems simulta-

Smaller aoftware bouses, however, are likely to have to restrict themselves to concentrating on the Windows 3 plat-

The biggest unknown factor. in the equation is the recent agreement between Apple and IBM. The deal has been inter-preted as another attempt by IBM to regain control over platforms from Microsoft.

A jointly developed operating system incorporating a

new programming technique called object orientation is expected in the mid-1990s. The output of the venture is vague at this stage, however, To bring Apple's Macintosh technology in line with IBM's 08/2



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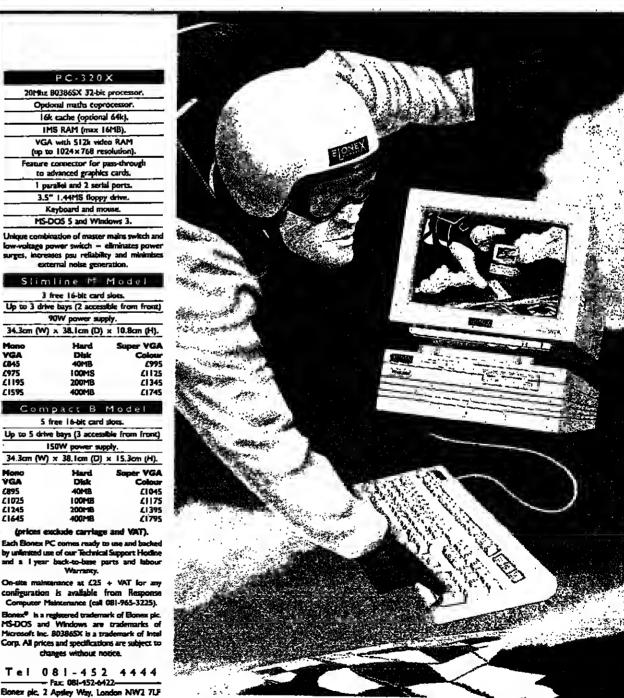
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In addition, its exceptionally quick battery charger provides about three hours of use for every one hour of charging. The proof is the Sanyo Notebook range. Which brings us to the biggest difference between the Sanyo Notebook and a desktop. Tha Sanyo Notebook does not require a dask in order to use it. NOTEBOOK

Della Bradshaw looks at much-neglected security issues

## An enemy without, an enemy within

Western Europe PC business by channels 15.4% 36.8% Direct 36.4%

Only the fittest have a future, writes John Lettice

## Survival in the market jungle

of Europe's computer sales channels may disagree on how of them now concede that the next few years will see an end to ten-year-old certainties. PC sales channels, relatively sta-hle since the launch of the IBM PC, are once more on the

The microcomputer's rather intricate route to the customer developed as a consequence of its cheapness and portability. Minicomputer and mainframe manufacture has traditionally been complex and expensive, so only a few large organisations have been able to sustain sales forces to go direct to the customer. Microcomputers, on the other hand, fed the growth of smaller manufacturers, bigher sales levels and far

wider distribution. The more fragmented nature of the manufacturers and the customer base meant there was a need for multi-tiered distribution rather than the old direct manufscturer-to-customer relationship. IBM's own odyssey through the channels

Prior to the launch of the PC, IBM sold direct, but began to acquire dealers as the new. standard took off. Its direct sales of PCs declined as the explosion reverberated, and in

The company's channel strategies became more complex as more distributors were appointed, hut in 1988 IBM went into sharp reverse, altering its discount structures in favour of dealers, and effec-tively killing off its distribu-

tion base. This moved IBM to a distribution model more in line with that of arch-rival Compaq, but this structure in itself is now threatened, and is being increasingly questioned by the companies employing it . IBM included. The best way to categorise what is happening is to say that the industry is moving towards a multiple entry-point

distribution structure. One of IBM's first toes in the One of IBM's first toes in the water was to begin selling its entry-level machine, the PS/1, through high street retailer Dixons. (a strategy to be boosted this month when Dixons begins selling a far more powerful 386SX-based version of the machine) but IBM UK of the machine), but IBM UK personal systems manager. Howard Ford also talks of far less formally structured approaches to marketing in the

Mr. Ford is s key part of an organisational reshuffle earlier this year which placed empha-sis on IRM's European struc-

ture, and he reports both to
IBM UK and to the personal
systems division in Paris.
The last few months have
seen several European initiatives being piloted in various
European territories, two of the most significant being s mail order sales scheme, which s still confidential, and the broadening of IBM's "options" (effectively, sdd-on products)

to third party distribution.

The latter does not mean that IBM is going back to dis-tributors, but is a sign that the company no longer feels it can

**Portable Computers** 

Computer Industry

Computers in Manufacture

Software at Work (summer)

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Office Systems & Technology

Networking & Open Systems

begun selling the industry standard network operating the broadening of options dis-tribution allows third party distributors to sell IBM-badged equipment such as Token Ring networking equipment.

The mail order experiment should it go live throughout Europe, could have a broader significance. Mr Ford is at pains to stress that IBM will do nothing that will compete with its existing husiness partners so the company is unlikely to find itself selling machines direct to corporate customers in the short term. He concedes this implies that a mail order scheme will either sell products IBM's dealers do not sell, or will sell into areas not covered by IBM's dealers.

That second possibility may be the crux of the matter. IBM is not the only company interested in Dixons. Apple is widely tipped to be next, and Dixons's interest in broadening its PC range is a sign of the increasing commodification of the PC. They are cheaper and more user-friendly, customers are better educated, and the market for low-maintenance

direct sales is vastly increased. This is manifested in a recession-defying explosion of small dealers/mannfacturers. A aler can become a "manufacturer" by striking up a n tionship with a few Far Eastern component manufacturers, and assembling its own-brand boxes, and then it is simply a matter of competing, through magazine advertising, on the basis of the price performance

This sector of the market is also fuelled indirectly by the manufacturers, whose sales target requirements often lead to excess equipment spilling over from manufacturers, dis tributors or large dealers into "unofficial" channels.

The high volume, low margin approach is hazardous even at the best of times, but the alternatives are scarcely less

A few larger dealers, such as Computacenter, SCC (Special-ist Computer Centres) or P&P's direct sales arm can command sufficient in the way of corporate scconnts to he sble to avoid the difficulties small, low margin dealers face, but the only viable alternative for those without the resources to grow fast is to add value to the basic equipment, thus com-manding higher margins. Value Added Reseller (VAR)

and Systems Integrator programmes are, however, them-selves vulnerable to the rate-cutting sector of the market, as they can only be sustained if the dealer is able to justify the price in terms of price in terms of services. All too often a VAR programme has st its core a PC twice the price of rival machines for no older process. clear reason. And if you stand still in the VAR market, the low end of the market passes

yon in terms of expertise. A good VAR must, therefore, plough large sums into staff training, and be forever on the lookont for technology new enough, and complex enough, for margins to be preserved.

February 2

April 23

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December October WHEN corporate dsts their computer systems and do processing relied on central-not have contingency plans, go

ised mainframes, securlty issues were relatively easy to keep under control. But with PCs came a proliferation of hardware (which can fail), floppy disks (which can spread viruses), and easy access to data (which can engender

Deficiencies in hack-up systems in case hardware fails is the biggest security problem, says Dr Alan Soloman, chief executive of S&S International, of Berkhamsted in Hertford-

"A hard disk is the same as s

washing machine, a car or an electric mower - they eventually all stop working. A car or washing machines can he replaced, but your data can-According to Dr Soloman, many companies forget to back up their hard disks and there-

fore have no duplicate source of data. The results can be disastrous, he says. "If your company loses its accounts you don't know who owes you money. You don't even know who your customers or suppliers are."
Mr David Frost, a partner at

management consultants Price Waterhouse, says that in his experience 90 per cent of com-panies which lose the use of not have contingency plans, go

Even those that do back-np their data often ignore basic housekeeping rules hy storing disks locally. If a fire swept through the office, both PC and disk would be destroyed; or if the machine were stolen, the thief might take the floppy

Most companies are actually in the data processing husiness but they only realise it when they have no data," points out Dr Soloman.

disks as well.

Although lack of back-up is a common problem, the spread of computer viruses is also rife and s topic which even the most computer-illiterate chief executives now recognise. Computer viruses are pro-

grams which copy themselves from one computer to another, and can destroy the integrity of the data. They come in a number of forms, many with exotic names. With the "cas-cade" virus, for example, all the characters fall from the top of the screen into a pile at the hottom; whils the "Italian" virus generates a ball which bounces ecross the computer

The first signs that a virus has crept into the computer network might be a change in file size and a change in the

date of the file. These are factors which most computer users will never notice Other symptoms are the computer crashing or taking a long time to carry out basic

Although it was not until about 1987 that the first viruses appeared, there are now about 250 of them docu-

Although virus developers

puter, a particular problem if it involves psyments. The Ninety per cent of companies which lose the use of their computer systems and do not have contingency plans, go out of business, says a partner at Price Waterhouse. Fire, theft, vandalism and fraud are all very real

threats to any computer-based business

see it as a challenge to develop the most sophisticated and undetectable viruses, the comforting news for companies is that any virus that attacks the corporate data files is likely to be one of the more common varieties. These can he detected and eradicated using virus checking software from companies such as Sophos of Abingdon, SS International, or International Data Security of London. These programs work by checking for the individual pattern that every virus leaves in the program.

dilemma then is that by the time the virus has been noticed, it may be too late to retrieve accurate data from old

of disks is to find out which PC

or disk is infected. The damage to data might be trivial, but it

can take days to search through thousands of disks in

More pernicious viruses can actually make small variations

to the data held on the com-

order to find the rogue one.

Again, the situation is com-pounded if there are no backups of the data.

Altering data deliberately is one of the easiest ways for computer fraudsters to obtain illegal funds. Fraudsters are aided by modern computer architectures in which company employees can get access to dsta held throughout the computer network from their

However, the problem for companies with large numbers and Today's frauduleo Today's frauduleot attacks fall into two main types: single large-scale frauds, where millions of pounds are removed in one swoop, or "salami attacks". as Donn Parker, senior management consultant at SRI International, in California calls them. In these attacks small amounts of money are sliced sway over a period of time, the intent of the thief

being to disguise the losses. Whereas computer crimes in the past were largely the work of disgruntled employees, today the widespresd use of computer systems in financial applications - payroll, funds transfer or hill payment - has offered organised crime a

Incrative opportunity.
Today most potential frauds
are thwarted by regular
checks, says Dr Ken Wong, account development director for security st PA Consulting. checks can be rudimentary and often arbitrary. Dr Wong believes that selective checking, using the latest expert systems could prove less expensive and equally effec-

In the case of a bank or credit card company, for example, the expert system would programmed to know that a £2,000 transaction at a top-class store such as Harrods would probably be genuine, whereas a transaction of the same amount from the local chain store might not be.

Because defrauding a busi-ness involves setting funds out of the organisation, another basic precantion is to instigate checks at the periphery of the financial system, at all points where money leaves the com-

To prevent outsiders from defrauding the company, a strictly enforced access control system is a first step. Today this usually involves pssswords, which have to be tapped into the system before a user is allowed to use the PC. In the future, hiometric devices, such as retina scanners or thumbprint recognition machines, could also help

enforce security.

Although these do give extra protection - it is impossible to change a thumbprint, or a ret-ina - once a hacker has taken a thumbprint, he or she can gain access to the computer system repeatedly without

being challenged.
A less expensive hut secure option might be to insist that employees choose unusual passwords and change them regularly. The most frequently selected passwords today are still the name of a spouse, child - or even a pet.



## Because you have two hands and not four

If your office PC makes you feel like this then it's not increasing productivity, it's slowing you down.

What it should be doing is letting you flick quickly from word processor to spread sheet to calculator, in fact to any application you choose.

It should be letting you do more than one job at a time.

In short it should be like your desk, just reach for the thing you need: pen, calculator, ledger ...

Many PCs can do all this for you by opening windows into individual applications. As many windows as you want.

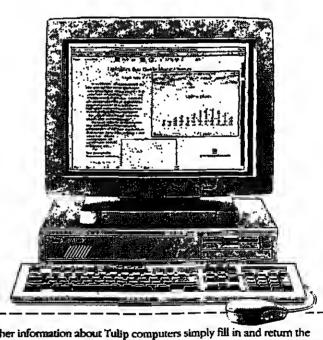
It works like this. Open the window to your calculator, make your computation, then close the window and go on drafting your quotation. All at the click of a mouse.

But, like desks, computer screens become cluttered windows overlay windows overlaying windows ...

Only one PC has the speed, the power and the big, high-resolution screen you need not just to beat the clutter but to make the very most of the entire Windows concept.

But then only one PC manufacturer is solving real productivity problems instead of fretting about the competition.

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FINANCIAL TIMES RELATED SURVEYS

ROLLS ROYCE and Associates (RRA) makes engines for the Royal Navy's nuclear submarine fleet. The Derby plant works at the pinnacle of precision engineering. After 32 years in the nuclear power plant husiness, RRA engineers have acquired a library of one million drawings and documents. A submarine engine gets modified a lot over a 25-year life at sea, and every change and new part has to be scrupulously logged.

Computer Aided Design (CAD) has made life easier in current and future systems design. But it is a recent innovation and only covers 4 per cent of the total drawing library. It does nothing for a reserve of drawings stretching back three decades

"What we wanted was a really good archive system," says Ron Hawley, manager of the drawing office at RRA. Late in 1969, he found a means of getting on top of the documentation moun-

The advent of optical disks, compressing the data that creates visual images on-screen, meant that intricate diagrams could be stored and recovered quickly and simply. Unisys was about to launch its prototype image processing technology, Infolmage, RRA agreed to test Infolmage, but with its own agenda. Mr Hawley and his colleagues intended to use it as a jumping off point for their own development.

With Infolmage, a document can be scanned into the system and join the archive in six minutes. Speed of archiving and retrieval is critical. The 150 employees in Hawley's department can access the archive at any one of 30

workstations.

Infolmage had to justify its existence by clear cost savings, and by 1993 It will have paid for itself. Some productivity gains are hard to quantify. "I think the bottom line is that we could do the same joh tomorrow with fewer people."

Mr Hawley observes. Others gains are

Michael Dempsey on image processing

# Pictures on the small screen

dramatic. Tracing an engineering drawing took three days and cost £200 before image processing was installed. Now the process takes six minutes and costs

The key to image processing at RRA is an indigenous database, the Parts Information Management System (Pims). While Infolmage stores a whole drawing, Pims holds the technical data that makes sense of its parts. RRA regards image processing as one weapon in its struggle against a larger problem. "The company has a legacy of live documentation which, if not effectively indexed, stored and made available to staff through fast retrieval systems, could swamp us and prevent the full achievement of our business

RRA is reluctant to put a price tag on its entry into the image processing game. Unisys says that a PC-based system starts at £50,000. Image-processing is based around the familiar concept of workstations, physically resembling a PC but powered by a very fast chip suited to demanding applications. In the vocabulary of image processing, workstations are transformed into seats. A three-four seat Unisys installa-

tion costs £100,000 - £150,000.

Citibank Mortgages was forced to examine the economic henefits of image-processing very carefully. It handles mortgages for insurance companies and independent hrokers. The house-

buyer has no idea that he or she is a Citihank customer until an offer is

The paperwork involved in processing mortgage applications is horrendous. Such is the amount of information, that storage on a mainframe computer is not an economic proposition. Paper files are still necessary to maintain the detail of an application. Every query on that application ties down staff in a paper chase. By 1986, with the housing boom well under way, Citibank anticipated it would be handling two million pieces of paper a year

It was a prediction made in a buoyant market, and £1 million was invested in image processing equipment from Olivetti. The idea was to banish paper certificates to a secure holding site well away from the hustle of Citibank's West London offices.

Olivetti's contribution to image processing is known as Optical Scanning and Recognition (Osar). Just like Unisys' Infolmage, equipment licensed from the US Filent Corporation is at the beart of Osar.

Osar processes the file through a scanner, capturing the image in hinary form. It is a glorified photo-copier, although Brian Howells, operations director at Citibank Mortgages, notes that Olivetti sales staff are sensitive to such comparisons. The image is then compressed and stored on magnetic

The clearest image in the world.

disks, and can be viewed on workstations in the image-processing network.

These disks are effectively hig

These disks are effectively highrothers of compact discs used to store music, and the workstations call on a jukehox to summon the appropriate disk. Each disk stores up to 50,000 documents, There are up to 64 disks in the jukebox, which can hold 3.2 million pages of information.

pages of information.

By mid-1988, when Osar was installed, the property market was slowing down. But the technology showed immediate benefits. "The primary saving was an improvement in service, which you can't measure easily." Mr Howells recalls. "Previously, you'd get an inquiry, and you could not find the file because two parties and the solicitor had all requested it. Someone else at Citibank had got there

This became a problem of the past as the workstations were installed. "Now three, four, five people can look at it at once." And Mr Howells is aware that retrieving information promptly has important psychological consequences. "Being able to get documents quickly addresses the nervousness of the mar-

Citibank still owns realms of paper files. They are stored elsewhere in a fire-proof vault. Floor space has been saved in Inner London, but that's the least of Howells' image-processing dis-

Citibank is saving £200,000 a year in staff productivity. "There have been no redundancies, but our growth has not required a parallel increase

As any estate agent can testify, that growth has not matched the optimistic forecasts of the mid-1980s. But Citibank is handling enough mortgages to justify the cost of image processing. Osar devours 5,000 pieces of paper a day. In a year, 1.3 million items are fed into the system.

Today's gimmick or tomorrow's standard?

# The all-singing, all-dancing PCs

THE National Gallery's new Sainsbury Wing has attracted 300,000 visitors since it opened on July 10. Tha Gallery's Renaissance collection is now housed in 66 rooms on the huilding's second floor. Every day hundreds of people stop off at the first floor, home of the Micro Gallery.

A dozen computer screens

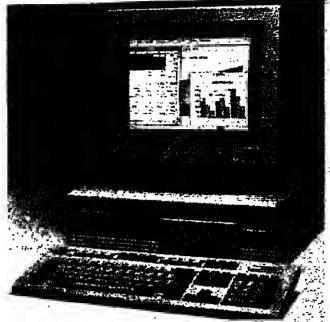
are arranged in slanting booths down the right-hand side of the Micro Gallery. Sit at one of these screens and you can summon op the entire National Gallery collection in colour. Hitting patches at the bottom of the screen allows you to home in on historical details of artists and their work.

Assistants are on hand to

Assistants are on hand to help with iquiries, but the system is so self-evident that their main role is directing visitors to the commenta hook. Remarks scribbled here are uniformly positive. Says one: "I'm impressed — and I'm a systems analyst!"

Most visitors to the Micro

Most visitors to the Micro Gallery are unaware that they are participating in the first wave of multi-media technology. Apple, which supplied the hardware and has a huge stake in multi-media, calls it "the future of computing".



Multi-media — a mix of video, audio, text and graphics is being pushed as the truly modern way to a presentation

Multi-media is an umbrella term for using familiar technology to create striking and original images. The video, audio, text and graphics together, and you have multi-media. Suddenly it is being pressed on husiness as the truly modern way to create a hard-hitting presentation.

It owes its existence to a series of slight but significant advances in PC technology. The advant of the CD-rom, the latest and most compressed form of media storage for PCs, allows the user to pull down sophisticated visual images on to the humble PC screen. In theory you get a whole new world without any more investment than the CD-rom drive.

word without any more investment than the CD-rom drive.

Hypercard, a software toolkit that allows a computer program to be written in visual terms, was seized by Apple and has been shipped with every Macintosh PC since 1988. With Hypercard driving the user along through simple images, it becomes possible to create multi-media programs, All PCs are now aold with inbuilt microphones, so the audio element of CD-roma can be exploited. The humble PC is no longer limited to communicating in pained beeps whenever

an error is keyed in.

When the Micro Gallery was planned three years ago, the hardware needed in order to deliver complex images onscreen instantly simply wasn't available. Any delay in delivering pictures would cost the user'a attention. The Micro Gallery project proceeded on the basis that hardware would

catch up.

Each of 12 workstations accesses a 1.3 gigabyte hard disk. The specification cited that it should take less than one second to call images up to the 19-inch colour screen. That speed can be obtained from the latest, top-end, Macintosh, the IIFX. The bill for this, the largeat interactive reference library open to the public, was

£700,000.

Another multi-media mover is Optech, of which Ewan Mac-Gregor is managing director. The company sells CD-rom disks packed with information on everything from tha Middle East geopolitical situation to

East geopolitical situation to the authentic roar of a tiger. For someone in the business, Mr MacGregor is openly cynical. "Multi-media is a vastly over-used term," he says. "It's a pretty trendy thing to be in." Mr MacGregor makes the point that although the theory of seamless presentations is appealing, the reality can be expensive. Assembling a multimedia presentation without professional assistance is a tall

order. Call in the professionals

to stitch video and graphics together, and your PC package starts costing big money.

One serious - £5,250 - multi-media tool used by such as the RAF, Mercury Telecom, and Nationwide Anglia building society, is Authorware. It allows the user to create an in-house training programme.

The big plus is that Authorware dispenses with the need

to shoot a video. It's cheaper, and presentation skills are not needed.

In the past, Nationwide's training staff in Northampton produced interactive videos at the cost of about 100 working hours each. "Using Anthorware, we can get this down to 25 hours," says Paul Robson,

Open Learning Manager, Nationwide Anglia.

That saving exists largely due to the experience the staff had in creating videos for the building society's employees. Their expertise made multi-

media a practical proposition.
Their training package will run on workstations at local offices and extend staff training without demanding more trainers. Nationwide Anglia has taken the idea of Computer Based Training (CBT) and developed it. So far that is the only visible business benefit to emerge from the multi-media

hype.
Potentially serious players are fining up. The Multi-Media Company (MMC), led by former senior BBC people, understands the glamour of TV. Conferences can be boring, and multi-media is an ideal substitute — but the only customer so far has been Apple. Its recent Cannes conference had room for just 500 people, so MMC put it on a CD-rom for

the rest.

Peter Armatrong, MMC chairman, was formerly head of BBC TV South East. Armstrong and two fellow BBC directors bought out the Corporation's Interactive TV Unit in February 1990. The BBC retains a share, and the main agenda of the MMC is publishing BBC programmes on CD-rom. Mr Armstrong retains faith in the interactive side of multi-media, the fact that an audience can call up images when they want. "It won't be a flash in the pan, any more than printing's been a flash in

the pan," he says.

CD-rom is a better form of storage for data-greedy applications involving high-quality images. For smart training establishments, it boosts CBT. For a fledgling multi-media industry to exploit this capability it should beware of false starts.

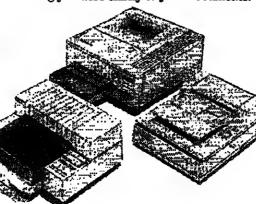
Michael Dempsey

If you're looking for the clearest, most eye-catching output then your choice of personal printer is also clear. It has to be one from HP's extensive range.

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Alternatively, if you want the sharpest, crispest look, then you want one of the printers in the HP LaserJet III family. They all use RET (Resolution Enhancement Technology). Developed by Hewlett-Packard, it produces lines so smooth and black you could easily mistake the printing as being typeset.

They also use HP's industry standard printer language HP PCL5, which provides scaling of fonts of virtually unlimited size, adding yet more clarity to your documents.



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Groupware is the future, says Philip Manchester

## The global office is just a network away

THERE is more to making PCs 05/2 LAN manage effective in a corporate environment than simply plugging them together in a network. If they are to contribute to corporate productivity in the same way that they have helped pernal productivity, PC networks must be able to present usable applications.

One of the key ways to do this is groupware, a type of selfware which brings individnal-PCs on a network together at the application level.

Top computer software sup-pliers are already homing in on groupware as one of the main growth areas of the next decade: "We believe that what software did for the personal computer in the 1980s, group-ware will do for the network in the 1990s," said Lotus's chief executive Jim Manzi in a pre-

Lotus is wall ahead of its competitors in the groupware market with its Notes product. Notes, which was launched 18 months ago, furnishes a high-level application environment on a network of PCs. In itself, it is not an application of an application and can be used for such tasks as customer tracking, status reporting project management and what Lotus calls "collaborative free form discussion".

Notes uses a relatively new "architecture" called the client/server model which allows the "front end" of an applica-tion to be totally separated from the "back-end". The user, es the "client", sees a screen with a modern graphical user interface - much like any other PC application. But behind the screen the software provides links to services such as database and electronic mail - powared by other computers known as servers. These can

at the other end of a telephone line on a wide-area network. ·Lotus Notes can cope with a wide range of data formats produced by other software packages - such as Microsoft Word wordprocessing documents and tagged imaga format files (TIFF). It also works with all such as Novell'a Netware and

be located in the same office or

The essence of groupware is its ability to control the move-ment of documents and data through the system. This ensures that all of the users in a particular department who comment on an item, see it. It thus acts as a control mechanism and, theoretically, makes workers more productive.

The members of a group of course, do not need to be located in the same geographi-cal location. The network allows them to be spread

The members of a group can move out of the office and spread right across a city, a country - or even across the world

across a city, a country or even across the world.

Lotua Notea has already

been taken on by 80 of the For-tune 500 companies in the USA and the appeal of the product is spreading. But Lotus does not have the field to itself. Apple Computer is making a strong push into the gronp-ware market following the recent upgrade to the Apple Macintosh operating system software. The new version of the Macintosh, called System 7, incorporates many of the mechanisms needed to build groupware applications - the most innovative being a fea-ture called Publish and Sub-scribe. This feature can be used to make data and documents available to users on a network of Macintosh PCs.

Julian Wilson, a husiness development manager at Apple UK, says it is working closely with the Central Computer Technology Agency (CCTA), the UK government body, on a project called the Computer Supported Co-Operative Workgroup (CSCW).
"The CCTA has recognised

that workgroup technologies are essential as the pattern of work changes in the 1990s. I think a lot more people in organisations will find themselves working in teams and

range of skills than in the

past," says Mr Wilson.

Apple is working with several partners on groupware applications. The US software company On Technology has produced two applications: Meetingmaker, which searches individuals' electronic diaries to find an appropriate "slot" for the members of a group to meet: and Instant Undate. a program to ensure that copies of data are kept in line. A small UK company called

FCMC is finding a ready market for its gronpware product Staffware. FCMC managing director, John O'Connell, describes Staffware as a tool "to antomate bureaucracy". Staffware has attracted some heavyweight users. British Telecom uses it for antomate

procurement and an electronic suggestion box; and the giant US Veterans Administration is in its Project Noava. Hardware manufacturera have also latched on to Staff-

ware and the product is sold by ICL as Powerflow and by Uni sys as Office Procedures.
Mr O'Connell warns, however, that installing groupware is not a simple task: "A high level of skills is needed to

install it, and the software

must be very flexible." It nevertheless seems likely that groupware will increasingly be used to solve problems resulting from the switch from centralised corporate commnting to distributed computing on networks.

THERE can be little doubt that cabling systems.

Companies are being forced to adopt multiple technologies to meet the demand from users to connect different local-area networks (Lans) within their companies.

nies already have Lans attached to their corporate networks and this has pushed the complexity of their networks beyond their capacity to con-trol them. The survey also found that few companies have sufficient staff resources to support the networks they have installed 3Com says it has identified a cost/complexity barrier - the point where network costs

Alarmingly, a third of the sample are unsure of the true cost of their networks, while 93 per cent are finding it hard to contain networking costs. Only 5 per cent were satisfied with the current cost of their networks.

More alarmingly, a third of the sample are unsure of the true cost of their networks, and only 5 per cent were satisfied with the current cost of their networks.

PC networks are replacing tra-ditional mainframe and mini-

computer systems based on

"dumb" terminals. All the

But the introduction of PC

A recent survey of more than 100 network managers from the Times Top 600 UK

companies, commissioned by US network vendor 3Com and

conducted hy Benchmark

Research, shows that most companies (83 per cent of the

sample) are finding it hard to contain networking costs, and

that they expect the problem to

networks is not without its

problems.

trends point in this direction.

The problem lies in the inte-gration of the many network protocols and different cabling systems. Network protocols are the "language" used for com-munications between the different components in a net-

The Benchmark aurvey shows that more than 80 per cent of company networks use more than three different protocols, and nearly 60 per cent use more than two different

increase beyond economic levels. It goes on to say that this barrier is likely to be reached in many companies where network traffic is increasing at

more than 25 per cent a year.
With the anticipated move to
new technologies like open systems, multi-vendor networks and client/server systems, this level of growth is conservative and the real increase in network traffic will be much higher.

There is no doubt that PC Lans are the main contributor to the increasing complexity of corporate networks," says Tom



1990 1991 1992 1993 1994 1995 1996

the desktop and as the demand grows, there is a need for increased bandwidth in net-

Multiple technologies, big costs

PC progress is not without problems

works," Mr Plimmer goes on In simple terms, bandwidth in network connections can be compared to the diameter of a "pipe" in a central beating sys-tem. With a bigger pipe, more-water can travel along it. The bigger the baudwidth, the more data can be transmitted

across the network. With the increased demand for images and other services, which require very large amounts of data, the bigger the bandwidth needed to transmit

3Com's answer is to propos a simpler networking model which can be expanded withprotocols supported. It also says that increased reliance on the public data communica tions services for managing connections between different network technologies will help.

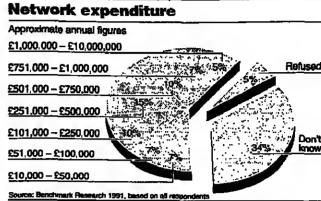
The research identifies the three leading protocols desired by users as TCP/IP, X.25 and Novell's SPX/IPX – each of which was cited by more than 20 per cent of the sample. But there is a long list of other protocols required by users including DECnet (15 per cent), IBM's SDLC (8 per cent), OS1 (5 per cent) and NetBios (4 per

Currently Novell's SPX/IPX leads the field - it is installed in 35 per cent of the sample -with TCP/IP (26 per cent) and DECnet (22 per cent) following. The survey confirms the trend away from proprietary protocols like DECnet and Novell to industry standard protocols

Despite the inherent problems of installing PC networks, pioneering users have bitten the bullet and are starting the transition from the traditional Mercury, the UK telecommu-

nications carrier, placed an order for 4,000 Apple Macintoshes last month to form the basis of its new corporate information processing system.
Anthony Smith, Mercury's information system director says the change is a necessary part of the company's expan-sion plans: "As we grow, we see top-notch business process-

ing as a major source of com-



FACTORS INFLUENCING THE WAYS NETWORKS HAVE GROWN				
Factor	Respondents (%			
Increased user demand	36			
Susiness demands				
Most cost-effective roule	14			
increased application demand	7			
Need for increased date ecces	is 6			
Need for improved communication	tions 6			
Available technology	6			
Company structure	4			
Mainframe eccess requiremen	its 4			
	ing 3			
	2			

petitive advantage.

We want to deploy the latest and the best technology and we believe this means Apple Macintosh, because they are the easiest to integrate into our existing systems," says Mr

Mercury currently uses large IBM and DEC computers and one of the main advantages of the Macintosh, according to Mr Smith, is the ability to make connections between the Macintosh and these systems.
"We need to be able to emu-

late the old DEC and IBM terminals and this is straightforward with the Macintosh." be says. Mercury will use the Oracle database package to provide database integration across the all three types of

Mr Smith accepts that net-work complexity and the diffi-culty of supporting a dispersed user hase are problems his company must face. He says, bowever, that Mercury ha anticipated the problems and is

putting management struc-tures in place to ensure the problems do not get out of control: "We are putting a three-tier support system in place end user training to bandle small-scale local problems, departmental support for more complex problems and central-ised support for the really diffi-cult ones," explains Mr Smith.

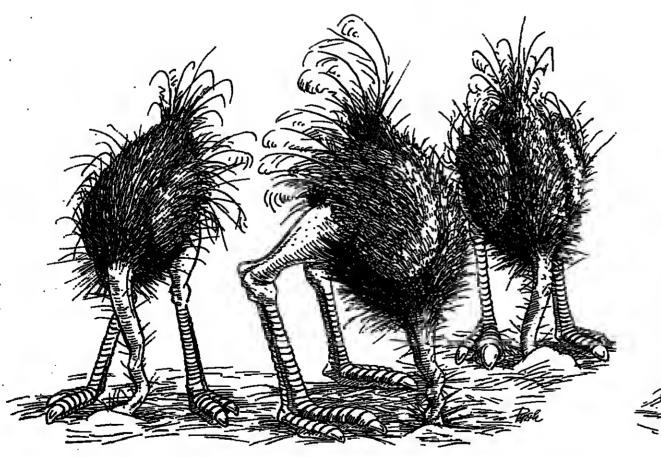
As a telecommunications supplier, Mercury is in a better position than most companies to appreciate the potential pit-falls which might come from moving to PC networks.

Mr Smith says that there is really no choice: "We have to face the simple fact that we must do it. It is the only way we can be sure of maintaining and improving our market

Many other companies will face the same challenge in the next decade as PC networks replace traditional information processing structures.

Philip Manchester

# It's dark, isn't it?





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The doom merchants spoke too soon, says George Black

### **Modems will survive**

THE market for modems - modulator/demodulator devices which carry data between computers across the telephone - looks to have better prospects than had been forecast.

Some industry-watchers had said the advent of the new integrated services digital network (ISDN) telecommunications technology would make analogue modema obsolete. Now, however, it is thought that modem sales will fall only slowly until the late 1990s, when ISDN starts to take over. ISDN will mainly serve large

ISDN will mainly serve large firms with a lot of data to transmit. For smaller firms, modems will remain more attractive. There will be a time lapse between ISDN coming into common use in big cities, and being eble to support users in more remote places.

Moreover, ISDN is likely to affect leased-line modems more severely than dial-up models. Leased line models have been in decline for several years, while dial-up machines have been spreading rapidly as their speed of performance has improved and the cost baa come down.

Some analysts now expect thet many modems will be used eventually for interworking with ISDN, instead of being replaced by it

replaced by it.

There are several reasons to believe that modem use will expand in the next few years:

Demand for more powerful and flexible modems is increasing, mainly because PCs are getting more powerful and have larger memories, so there is more data to be communi-

■ Users are creating more graphics, which occupy more memory than text files and therefore take longer to transmit;

mit;
They also require faster response times.

As people try to get more from their systems — soon, perhaps, wanting simultaneous volce and data interaction between offices — faster and more versatile modems will be wanted

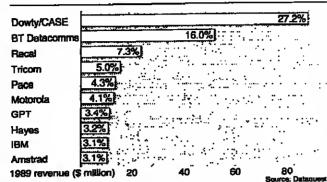
wanted.

Mark Orchart, marketing manager for UK supplier Dowty Information Systems, argues that modem technology is progressing fast enough to hold off any threat from ISDN.

Also, there are many new

Alternating Electric Field

UK modem market suppliers



users, such as small businesses and doctors' practices, which are just starting to use PC communications.

communications.

Another reason for modem makers to be optimistic is the European Commission's directive on the provision of open networks, which comes into operation at the beginning of 1993. It will force some other countries to follow the British lead in liberalising their telecommunications.

This will stimulate competition in modems as in other electronics markets, although national regulations will still make international marketing difficult.

With national telecommuni-

The volume of modem sales in the UK has been increasing at around 24 per cent a year, and has not suffered too seriously from the recession. However, revenue from sales has been flat for three years.

cations at different stages of evolution, there is an opportunity for a number of levels of sophistication of modem to be marketed over several years.

John Babb, European general manager of Hayes Microcomputer Products, e leading US modem maker, thinks the focus will shift from the mature markets of the UK and France to the emerging markets of Germany. Italy and

Leading European suppliers, such as Dowty and BT Datacoms in the UK, and Siemens, Nokia and Alcatel on the Continent, will he challenged by US and Asia Pacific firms – although the Japanese have phy (CCITT).

Another factor in the increase of modem sales is the rise in the number of people working at a distance from headquarters. Many salesmen, for example, work some of the time in clients' premises and some of the time at home. They often need to download data from their PCs to the corporate system overnight.

yet to make any serious impact in this sector.

which is by far Europe's largest and most free modem mar-

ket, is thet deregulation encourages more players,

although not all survive.
The UK market has been

helped by the British Approvals Board for Telecommunications (BABT), which has made

it easier for manufacturers with good products to get them

Also, buyers' decisions have been simplified by the consensus on technical atandards,

which is steered by the Consul-

tative Committee on International Telephones and Telegra-

The evidence from the UK,

However, informed opinion is that working from home, although on the increase, is still a small influence. Office to office communication is still driving modem sales far more than home to office.

Sales are also helped by the growing number of "bulletin

systems serving a wide range of special interest groups. The volume of UK modem sales has been increesing at

boards", which are indepen-

dently-run message exchange

rne volume of the modern sales has been increesing at around 24 per cent a year and has not suffered too seriously from the recessioo.

However, revenue from sales has been flat for three years. As with other types of computer hardware, technological advances and the tougher economic climate have combined to depress suppliers' profits. Modem salesmen have found more network managers wanting to bargain over prices.

sales is expected to drop steadily during the 1990s, while revenue growth may hold up at about 2 per cent until the middle of the decade.

As competition intensifies, manufacturers are obliged to include more special features just to get on to buyers' shortlists, even though some of those features may not be used. Some are bundling special software in order to make their machine more user-friendly. A fax capability is becoming regarded as essential

Demand is still high for the relatively slow 2,400 bits per second (bps), or V 22bis standard, models.

These are popular with PC nsers who interrogate databases online, but do not often transmit large files.

The big growth area is in the V.32 9,600 bps machines, according to Richard Mitchell, an essociate director of the market research organisation Dataquest.

UK sales of V.32 machines rose from 33,000 units in 1989 to 48,000 in 1990.

Jeff Soulsby, UK distribution manager for UK producer Racal-Milgo, says it is easy to justify an investment in upgrading to V.32 modems on grounds of cost-saving in line time.

A concern for modem users

such as the financial services institutions has been the vulnerability of their networks to data hackers. However, improved security features on modems such as the use of passwords, dialback and encryption techniques ere making them more robust all the time.

The market cannot sustain all the players, writes Paul Abrahams

## It's the big shake-out

THE meoacing clouds of recession which have cast such dark shadows over the information technology industry have finally reached the portable computer sector. Portables, which defied the slowing sales patterns in the personal computer market during the late 1980s, have been hit by overcapacity and slacking demand.

The heady years such as 1989, when European unit sales of portables increased edmittedly from a low base by as much as 79 per cent a year, are over. Unit sales growth for portables bas slowed according to Dataquest, the UK market research company. About 723,000 portables were sold in Europe last year, an increase of ebout 55 per cent - well below what had been previously forecast.

Dataquest estimates that portable unit growth will increase by about 37 per cent next year, slowing to about 17 per cent a year by 1995. The fastest growing sector, it reckons, will he the market for notebooks, which it defines as weighing less than 7lbs.

Although such growth is far

greater than any other section of the computer market, it is and oubtedly insufficient to support the large and ever increasing number of vendors.

Toshiba, the European mar-

Toshiba, the European market leader, estimates that whereas there were about 35 portable suppliers in 1989, this year more than 150 companies exhibited at Comdex, the computer show. Compaq, the US manufacturer, says it gave up counting the number of its competitors when they passed

The main reasons for the explosion in vendors has been the falling cost and increasing availability of specialist portable computer components. This is particularly true in the lightweight notebook sector, where companies such as Toshiba and Compaq were able to dominate during the late 1980s thanks to their technological lead. Now, both established vendors, such as IBM and Commodore, and a host of clone manufacturers, many based in the Far East, have launched credible products.

Not surprisingly the market leaders have seen their market lead eroded by the new entrants. Datagnest estimates



The MastersPORT-386 SX from Zenith Data Systems. Portables are holding their own emong sophisticated bigger products

that Toshiba had 28.5 per cent of the European notebook market by value during the second quarter of this year, while Compaq had 27.6 per cent. By volume, figures for the seven largest European national markets over the same period showed that Toshiba had 47.5 per cent, Compaq had 19 per cent – down from 39 per cent last year – while Commodore had 7.5 per cent.

The impact of increased competition has been slowing revenue growth as widespread discounting takes hold

throughout the market.

"There's overcapacity in the market," says Mike Daly at Grid Computer. "Manufacturers with high costs are having to dump products to maintain market share."

Certainly, European street prices have fallen as buyers have proved able to negotiate significant discounts from dealers even on highly specified machines with 386sx chips. Similarly, large corporate clients have been able to obtain highly ettractive bulk packages. Meanwhile, in the US there has been a well-publicised price war which started when Compaq announced price

quences of the European price war is that distributers are now bracing themselves for cuts in the margin offered by manufacturers. Tosbiba, for example, is negotiating with its

One of the main conse-

enith Data Systems. Portables shisticated bigger products distributors to cut the dealer discount scheme rate from 43 per cent to 30 per cent, accord-

ing to Mr Heinz Kraus, senior manager of product marketing at Toshiba Europe.

The weaker retailers are to be weeded unt, while those more efficient operators will be able to prosper with lower margina, says Mr Gian-Carln Bisone, vice-president of marketing for Compage Europe. He expects "superstores" such as those aiready developed in the US to emerge in Europe next year. These specialist computer shops will offer easy-to-configure products off the shelf, with limited support, in a similar way to department

In the meantime, leading vendors, such as Toshiba, plan to distinguish their products from the clone manufacturers in two ways, explains Mr

The first is to continue to improve the performance of the machines, Such improvements include:

Colour screens - described by Mr Bisone as the last element that distinguishes notebooks from desktops. These should start selling in increasing numbers from next year, A number of companies are

(TFT) technology which should provide excellent contrast, even in poor light.

■ Improved battery performance. Toshiba has started

working on thin film transistor

using nickel-hydride powerpacks which the company says lasts more than a third longer than traditional nickel-cadmium batteries. It claims the new batteries are also more environmentally friendly because they do not use cad-

mium.

Weight. A number of companies are developing new printed circuit boards with reduced number of components, as well as new light but strong packaging materials to reduce the atrain on users'

The other method of differentiating products is to make the products customer-driven, according to Mr Kraus at Toshiha. "For years everyone has been talking about the big shake-out," he says. "Well now It's happaning. Only those large enough or abla to adjust their products for particular markets will be abla to sur-

A number of vendors auch as Toshiba and Grid are trying to develop a service to provide integrated solutions for companies. Toshiba, for example, is planning to develop digital video interactive technology for its machines so they can be used for technical training and financial aervices presentations. The company has had a number of seminars with potential customars to ace what their needs are before they even develop the product. Toshiba has also discovered

Toshiba has also discovered a need for security features on the machines. Lost or stolen machines can be a security risk — as the British armed forces discovered when they lost a portable containing the United Nations' hattle plans for the liberation of Knwait. The company is developing anaccess control system and an encryption system for tha

e Tel

erice of

Arriva September --

Meanwhile, ever-increasing numbers of jet-delayed husinessmen can be seen in European airports writing reports on their laptops or fiddling with databases as they wait for flights. On the other hand, if they seem unwilling to let you see the screens, it may not be because the data is particularly confidential, but that they're embarrassed to be playing computer games. Well, they're better than Robert Ludlum novels.

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